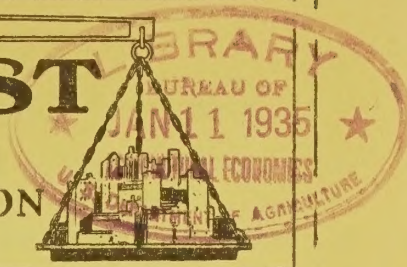
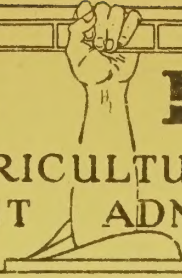


NEWS

DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION



Volume 2, Number 14

January 5, 1935

SUGAR CONSUMPTION IN 1935 ESTIMATED

Sugar consumption requirements of the continental United States for the calendar year 1935 have been estimated by the Secretary of Agriculture at 6,359,261 short tons, raw value. This estimate is approximately 117,000 tons less than the estimate for 1934 consumption made in June, 1934. The estimate is based on official data obtained from refiners, beet sugar producers, and importers of direct consumption sugar on the amounts of sugar actually distributed by them. The determination of consumption requirements and quotas for 1935 for the various sugar producing areas, as authorized by the Jones-Costigan Act, became effective January 5, with the signing by the Secretary of General Sugar Quota Regulation, Series 2. Under the Jones-Costigan Act the Secretary may revise his estimate of sugar consumption either upward or downward during the year in accordance with changes in consumers' requirements. The quotas for domestic beet sugar and cane sugar are fixed by the Jones-Costigan Act at 1,550,000 short tons for beet sugar and 260,000 short tons for domestic cane sugar, respectively. After the statutory quotas for the domestic areas are allowed for, there remains 4,549,261 tons for allotment to offshore areas. Certain deductions which are required under the Jones-Costigan Act for overshipments above the 1934 quotas in 1934 have been made. These adjustments, which represent sugar actually admitted during 1934 for consumption in excess of the 1934 quotas, total 78,000 tons. The Act not only establishes total quotas for sugar-producing areas but also establishes a basis for determining what part of such quotas may be in the form of direct-consumption sugar. For Cuba, 22 percent of the quota may be direct-consumption sugar; while for other areas the amount of direct-consumption sugar that may be included in the quota is limited to the largest amount of such sugar shipped in any one of the years 1931, 1932 and 1933. The quotas of direct-consumption sugar are: Cuba, 408,545 tons; Phillippine Islands, 79,661 tons; Puerto Rico, 133,119 tons; and Hawaii, 29,111 tons.

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RAW COTTON TRADE CODE HEARING SET

A public hearing on a proposed code of fair competition for the raw cotton industry will be held in the hearing room of the U. S. Tariff Commission, Washington, D.C., January 23. The raw cotton "trade" includes the business of buying, selling trading in or marketing of cotton after it is ginned and includes the department or unit of cotton textile mills concerned with the purchase of raw cotton. The proposed code relates to prices, practices and conditions, including hours of labor, rates of pay and other conditions of employment, in the raw cotton trade. It was submitted to the Secretary of Agriculture and the National Industrial Recovery Board by the Conference of Raw Cotton Trade and American Cotton Shippers' Association

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MALT INDUSTRY CODE APPROVED

A code of fair competition for the malt industry will become effective January 7. The code prohibits unfair trade practices, contains National Recovery Administration wage and labor provisions, and provides for establishment of a code authority of seven members to include five members of the United States Maltsters Association and two members of the industry who do not belong to the Association.

KERR-SMITH TOBACCO ACT
FAVORED IN REFERENDUM

A preliminary tabulation of official returns indicates that persons who own, rent, share-crop or control land customarily engaged in the production of flue-cured, Burley, fire-cured and dark air-cured tobacco voted overwhelmingly in the December referendum in favor of continuance of the Kerr-Smith Tobacco Act in 1935. The tabulation, prepared by the tobacco section of the Agricultural Adjustment Administration, shows that the flue-cured area in North Carolina, South Carolina, Virginia, Georgia and Florida gave the Kerr-Smith Act its heaviest vote for continuance. In this area persons having control of 99.1 percent of the land customarily engaged in production of flue-cured tobacco, upon which votes were cast, voted in favor of continuance of the Act in 1935. The tabulation includes 96.5 percent of the flue-cured acreage eligible to be voted. For the Burley areas in Kentucky, Tennessee, Ohio, Indiana, West Virginia, Missouri, Virginia and North Carolina the tabulation indicates that 95.5 percent of the Burley acreage voted was in favor of continuance of the Act. Approximately 94.8 percent of the Burley acreage eligible to be voted was covered in the tabulation. The tabulation shows that 92.7 percent of the acreage voted for fire-cured tobacco and 92.5 percent of the acreage voted for dark air-cured tobacco was in favor of the Act. The tabulation included 92 percent of the total fire-cured acreage, located principally in Southern Virginia; Western Kentucky and Western Tennessee; and 93.8 percent of the total dark air-cured acreage, located chiefly in Western Kentucky, Western Tennessee, and Virginia. The Kerr-Smith Act levies a tax of $33\frac{1}{3}$ percent of the gross first sale value of all tobacco harvested after June 28, 1934, (except Maryland, Virginia, sun-cured, and cigar-leaf tobacco) but provides that the Secretary of Agriculture may prescribe a lower rate of tax (not less than 25 percent of the price for which such tobacco is sold) if it is determined that such lower rate will best effectuate the declared policy of the Act. The Secretary prescribed a rate of 25 percent of the 1934-35 crop year. Any type of tobacco may be brought under the provisions of the Act for 1935-36 provided it is determined that "the persons who own, rent, share-crop or control three-fourths of the land customarily engaged in the production of any type of tobacco favor the levy of the tax thereon."

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GEORGIA-FLORIDA TOBACCO
PROGRAM FOR 1935

The production adjustment contracts signed early in 1934 by producers of Georgia-Florida shade-grown tobacco have been extended into 1935 by the Secretary of Agriculture. All of the producers of this tobacco, a cigar-wrapper type, signed adjustment contracts. Only one major modification is made in the contract as extended into 1935. Under this modification, farms with a base allotment in excess of five acres will be allotted 80 percent of the base as compared with $66\frac{2}{3}$ percent in 1934. This modification is expected to result in production of a crop almost equal to the current level of consumption. Stocks have been reduced until they are only slightly above the normal level. Farms with a base acreage of five acres or less will receive an allotment in 1935 equal to the full base. All other provisions of the contract are the same in 1935 as they were in 1934. Two payments, each at the rate of \$30 an acre for the tobacco acreage harvested on the farm under contract in 1935, will be made to contract signers.

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CORN-HOG PAYMENTS TOTAL
MORE THAN 150 MILLION

With second instalment payments being distributed to farmers at the rate of \$1,500,000 a day, and with disbursements made on more than 99 percent of the first instalment, corn-hog adjustment payments now total over \$150,000,000, the Agricultural Adjustment Administration announced in a preliminary report. Up to December 29, second instalment checks representing approximately \$16,000,000, had been mailed to about 231,400 producers cooperating in the 1934 program, while approximately \$135,740,000 in first instalment payments had been distributed to 1,527,300 cooperating producers. It is estimated that the second instalment payment will total about \$92,000,000. Second payments, by states, up to December 23 are as follows: Alabama, \$12,286; Arkansas, \$29,511; California, \$78,585; Florida, \$5,588; Illinois, \$390,747; Indiana, \$2,141,840; Iowa, \$4,664,079; Minnesota, \$437,743; Missouri, \$1,363,325; Nebraska, \$1,133,547; Ohio, \$1,253,853; Oklahoma, \$49,224; Oregon, \$2,493; South Dakota, \$705,904; Tennessee, \$30,543; Texas, \$3,276; Virginia, \$50,115; Washington, \$36,285; Wisconsin, \$3,749.

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EARLY AGREEMENT ASKED
ON BEET LABOR CONTRACTS

Where sugar beet producers and laborers have not agreed upon the terms of the labor contract for the 1935 season by January 31, or where such contracts as are offered are clearly unsatisfactory, steps will be taken to hold public hearings for setting 1935 minimum wages, as agreed upon by producers signing the sugar beet production adjustment contracts, the sugar section of the Agricultural Adjustment Administration announced. The sugar beet production adjustment contract provides that the Secretary of Agriculture may establish minimum wages for a factory district after due notice and opportunity for public hearing at a place accessible to producers and workers involved. While public hearings will be held where necessary, the terms of the labor contract for 1935 should be agreed on voluntarily by growers and laborers wherever possible.

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HEARING TO AMEND SOUTHERN
RICE AGREEMENT AND LICENSE

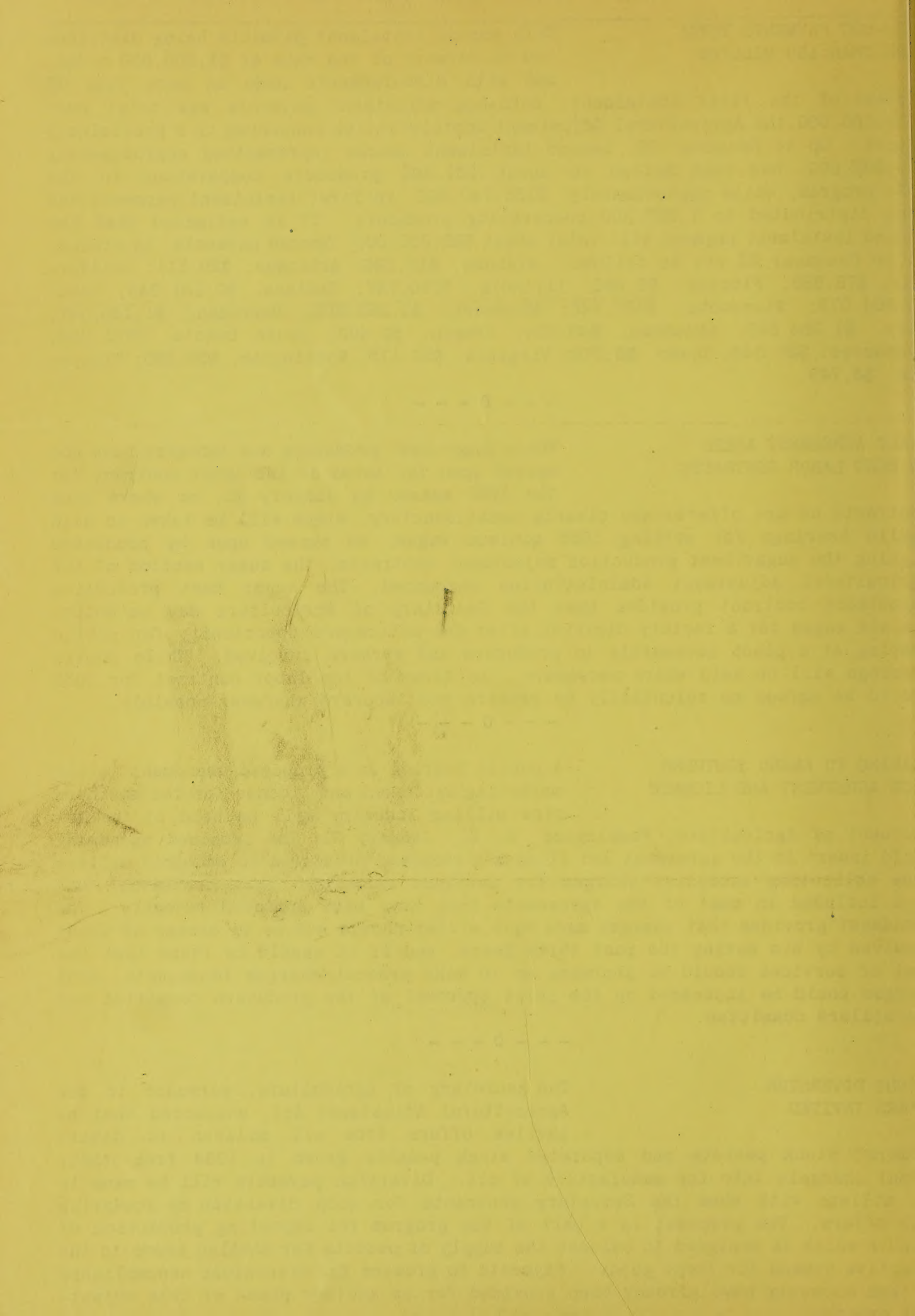
A public hearing on a proposed amendment to the marketing agreement and license for the southern rice milling industry will be held at the Department of Agriculture, Washington, D. C., January 21. The proposed amendment would insert in the agreement and license a standard provision to prohibit millers from collecting excessive charges for services rendered. This provision has been included in most of the agreements that have been approved recently. The amendment provides that charges made by a miller should not be in excess of those received by him during the past three years, and if it should be found that the cost of services should so increase as to make present charges inadequate, such charges could be increased on the joint approval of the producers committee and the millers committee.

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PEANUT DIVERSION
OFFERS INVITED

The Secretary of Agriculture, pursuant to the Agricultural Adjustment Act, announced that he invites offers from oil millers to divert farmers' stock peanuts and separated stock peanuts grown in 1934 from their normal channels into the manufacture of oil. Diversion payments will be made to oil millers with whom the Secretary contracts for such diversion by accepting such offers. The proposal is a part of the program for adjusting production of peanuts which is designed to balance the supply of peanuts for shelled goods to the effective demand for these goods. Payments to growers for diversions accomplished by them directly have already been provided for as another phase of this adjustment program.

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NEWS DIGEST

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U. S. DEPARTMENT OF AGRICULTURE

Volume 2, Number 15

January 12, 1935

FARMERS GAIN 82 MILLION UNDER CORN LOAN PLAN

With only slightly over \$500,000 of the \$120,493,259 in loans on 1933-34 farm-stored corn still to be paid, farmers who availed themselves of the Commodity Credit Corporation loans have realized a net gain in market value of \$82,989,592, over the loan value of their corn and the costs of the loan, the Agricultural Adjustment Administration announced. The 1933-34 loans were made on 267,540,500 bushels of corn, at the rate of 45 cents per bushel, held under seal in Colorado, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Ohio, and South Dakota. To January, 1935, approximately 266,457,000 bushels had been released by payment of \$119,905,366 of principal. At average prevailing market prices computed monthly on the amount of corn released, the sealed corn had a market value of \$207,037,089. From this is deducted \$124,047,497, which includes the principal of \$119,905,366 already paid, and total cost of the loans to farmers including interest and insurance, of \$4,142,131, thus showing a net gain over loan value of \$82,989,592. Officials of the Agricultural Adjustment Administration and the Commodity Credit Corporation feel that the corn loans, by making it possible for Corn Belt farmers to realize this net gain of more than 82 million dollars, have been of inestimable value not only to agriculture but to business in general. The loans also had the highly important effect of causing a carry-over of approximately 50 million bushels of corn into the fall feeding season that would not have been carried over without the loan. The availability of this corn for feeding has undoubtedly resulted in average lower costs than would have prevailed had the corn moved from the farms into commercial channels. Careful study of the figures available has shown that the borrowers' average net gain in market value was more than 30 cents per bushel over and above the loan value of 45 cents plus average carrying charges of only 2.57 cents per bushel. Now that corn is scarce and prices are high, the Commodity Credit Corporation's new corn loan, at 55 cents per bushel, does not find so many takers, only those farmers who desire to hold corn for their own use being interested in the loans. In other words, prices have been put up near parity and there is a tremendous demand for the feed grain at the present time. Therefore a comparatively small amount is being placed under seal, but the approximately 18 million bushels under seal under the new loan is considered by officials to be a valuable protection to the farmers.

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AMENDED HATCHERY CODE APPROVED

An amended code of fair competition for the commercial breeder hatchery industry was approved by the Secretary of Agriculture to become effective January 16. The amended code includes fair trade practice provisions for advertising; clarification of the definition of the industry; and requirements regarding the sale of sexed and unsexed chicks and the labeling of all hatchery products. A change in the method of selecting the code authority also is included.

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AGREEMENT AND LICENSE FOR COLORADO VEGETABLES

A marketing agreement and license, which seek to improve returns to growers of fresh peas and cauliflower in Colorado through a system of proration and allocation of shipments, will become effective January 15.

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REPORT SHOWS ADJUSTMENT
PROGRAM EXPENDITURES

Farmers participating in the programs of the Agricultural Adjustment Administration have received a total of \$580,772,564 in rental and benefit payments, and payments in connection with exercise of cotton options and the cotton producers' pool, up to January 8, according to a preliminary report. Total payments, as shown by checks issued, were as follows by commodities: cotton, 1933 program, \$112,739,159; cotton 1934 program, \$93,803,307; exercise of cotton options, \$12,175,445; cotton option pool, \$39,318,288; tobacco, 1933 program, \$2,051,898; tobacco 1934 program, \$16,776,537; wheat, 1933 program, \$89,189,046; wheat, 1934 program, \$54,705,861; corn-hogs, 1934 program, \$159,957,478; and sugar, 1934 program, \$55,541. Nearly 9 million checks have been issued in connection with these payments, the preliminary report shows. At the same time, it was announced that as of December 1, 1934, the receipts from processing taxes reached a total of \$594,763,828. By commodities, the collection of processing taxes were as follows: Wheat, \$170,039,906; cotton \$185,242,286; tobacco, \$30,216,488; corn, \$7,585,756; hogs, \$162,325,356; paper and jute, \$11,113,857; sugar, \$27,735,858; peanuts, \$582; cotton ginning tax under Bankhead Act, \$45,034; tobacco producers sales tax under Kerr-Smith Act, \$458,705;. The totals given are cumulative for the period since the date on which the tax was made effective on each commodity. Rental and benefit payments since the beginning of the adjustment programs and up to December 1 totaled \$480,342,225. A total of \$169,384,043 has been expended in connection with programs for removal of surplus agricultural commodities, drought relief activities, and conservation of seed supplies.

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DROUGHT CATTLE BUYING
WITH REALLOCATED FUNDS

A reallocation of \$3,500,000 of unexpended Government cattle purchase funds on the basis of the need in the most critically situated drought states, was announced by the Agricultural Adjustment Administration. Re-allocation has been made possible by the fact that some states have not used all of the previous allocations, releasing this money for areas where conditions are more severe. No estimates are available as to how much of the reallocated funds will be needed. The total previously allocated was \$115,822,000. Drought cattle purchases with the reallocated funds will begin immediately, and every effort will be made to close the program by January 15. In any event, purchases and shipments must be completed by January 20, according to instructions sent to officials in charge of purchasing in the field. Cattle so bought will be handled and disposed of in accordance with the plan followed in previous Government cattle purchases. Cattle bought through January 5 totalled 7,654,026 head, and total expenditures for cattle were \$103,878,649.

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REPORT ON STATUS OF
COTTON PRODUCERS POOL

The manager of the Cotton Producers Pool announced that at the close of business on January 7, the status of the pool as was follows: Cotton on hand unsold, 1,594,290 bales; Cotton sold with price not fixed, 23,642 bales; Total stock, 1,617,932 bales; Cotton futures long contracts, 20,900 bales. The futures are distributed through the months of May, July and October. The pool holds no short contracts. The total amount of cotton acquired from the Farm Credit Administration in June of 1933 was 2,485,574 bales, including cotton futures. This cotton was optioned to producers at 6 cents per pound as a part of their compensation in the 1933 emergency adjustment program.

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MILK PRICES ON
40 MARKETS REVIEWED

In a review of 40 metropolitan milk markets comparing December, 1934, conditions with those of December, 1932, the dairy section of the Agricultural Adjustment Administration has found that producers are receiving higher prices on 35 markets, consumers are paying higher retail delivered prices on 33 markets, and somewhat greater gross margins to distributors are indicated on 30 markets. Of the 40 markets reviewed, 17 are under Federal milk licenses, 13 are State regulated markets, and 10 are without any form of official control.

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TWIN CITY MILK
LICENSE AMENDED

An amendment to the existing license for the Twin City, Minn., milk sales area, which increases the butterfat differential from 3 to 4 cents for each one-tenth of one percent of butterfat that the average test of milk delivered by producers is above or below the market standard of 3.5 percent butterfat, became effective January 9. The amendment was requested by the Twin City Milk Producers Association. It is expected that the amendment will result in producers receiving a price for that quantity of butterfat in milk which tests over 3.5 percent more nearly in line with the regular price of butterfat as now obtainable through creameries and other milk buying plants.

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SALES AREA REDUCED IN
DETROIT MILK LICENSE

On recommendation of the market administrator, producers and distributors, the existing milk license for the Detroit, Mich., milk sales area has been amended to reduce the territory in the sales area. The amended license became effective January 10. The territory removed from the Detroit milk sales area includes Nankin and Livonia townships in Wayne County, and the townships of Clinton and Harrison in McComb County, as well as all territory within the corporate limits of the city of Mt. Clemens.

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ALAMEDA COUNTY, CALIF.,
MILK LICENSE AMENDED

New provisions added through amendments to the existing milk license for the Alameda County, Calif., milk sales area provide that the terms and provisions of the license are rules of fair trade practice and fair competition; and that the market administrator may adjust the prices payable by distributors for milk to meet competition in outlying areas not included within the present sales area. The amendments become effective January 14.

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SAN FRANCISCO MILK
LICENSE IS AMENDED

An amendment to the San Francisco, Calif., milk license which consists of a specific statement to the effect that the provisions of the license constitute rules of fair trade practice and fair competition, become effective January 14. The added provision was requested by agencies on the market on the grounds that it would make existing California state enforcement legislation more effective in reference to it.

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HEARING TO AMEND
ASPARAGUS AGREEMENT

A public hearing on proposed amendments to the marketing agreement and license for fresh asparagus grown in California, will be held January 18, at the State Capitol, Sacramento, Calif. The proposed amendments provide for an alternate proration program, a car concentration plan, volume proration by producers, and a change in the method of selecting the members of the proration committee.

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EVAPORATED MILK
AGREEMENT AMENDED

An amendment to the marketing agreement for the evaporated milk industry, increasing by 20 cents per case the maximum limits of the schedule of wholesale prices on case lots of evaporated milk, and eliminating from the existing agreement the designation of certain points at which surcharges could be added to the schedule of maximum prices for evaporated milk, became effective January 11. It was pointed out by Agricultural Adjustment Administration officials that the increased maximum prices do not necessarily entail an increase by the full amount of 20 cents per case in the wholesale price of evaporated milk, as the actual wholesale price will be largely determined by competitive factors that tend to adjust the price between limits imposed by the maximum and minimum prices in the agreement schedule. No change has been made in the minimum price.

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CLASS 1 PRICE LOWER IN
MUSKEGON MILK LICENSE

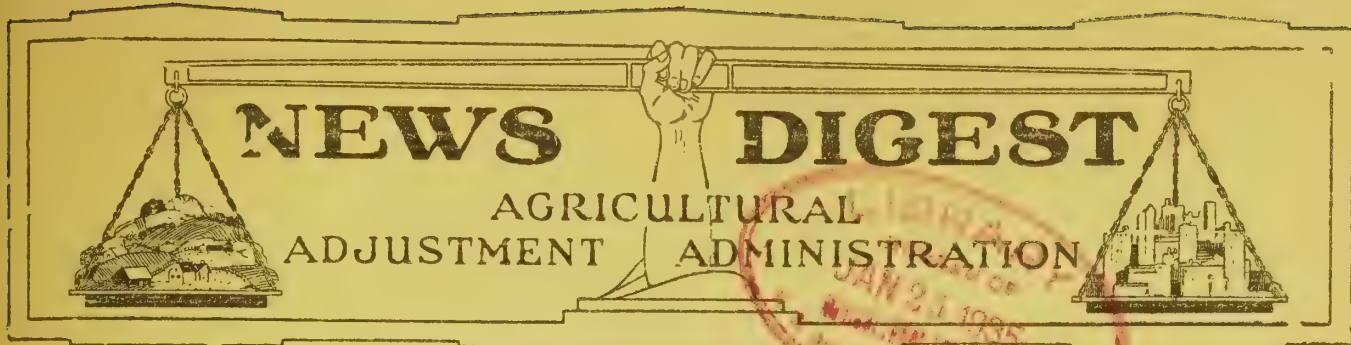
An amendment to the existing license for the Muskegon, Mich., milk sales area, which reduces the price payable by distributors for Class 1 milk from \$2.20 per 100 pounds on 3.5 percent milk to \$1.85, became effective January 11. The reduction in Class 1 price was requested by the Michigan Milk Producers Association branch at Muskegon and the Muskegon Milk Dealers Association. Owing to a considerable excess of milk on the market above the Class 1 and Class 2 requirements and adjacent available supplies of milk marketed at lower prices in evaporated plants, the temporary change to a lower price for Class 1 milk for Muskegon was deemed practicable.

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FORT WORTH MILK
LICENSE AMENDED

Increased minimum wholesale and retail prices on low-test bottled milk and increased wholesale prices, per gallon, on bulk milk, with the addition of new resale price minimums on retail bulk sales in gallon lots, are changes made through an amendment to the existing Fort Worth, Texas, milk license which became effective January 11. The changes were made to meet practical requirements of the market. The amendment increases the minimum prices for low-test milk, 4.3 percent butterfat or less, delivered in bottles, from 8 cents wholesale and 9 cents retail per quart to 8½ cents and 9½ cents respectively. On bulk milk of both high and low test the wholesale prices were increased by two cents per gallon, or from 26 cents to 28 cents on low-test and from 28 cents to 30 cents on high-test milk. Because a considerable quantity of milk is being sold retail in bulk through roadside stands, the addition of a new schedule of retail bulk sales has been provided in the amendment. The minimum retail price for bulk milk is placed at 30 cents per gallon for low-test, and 32 cents per gallon for high-test milk.

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Volume 2, Number 16

January 19, 1935

HEARING ON PROGRAM TO CONSERVE MOLASSES

A public hearing to consider a proposed contract for movement of molasses from Puerto Rico into the United States for emergency livestock feed, will be held at the Department of Agriculture, Washington, D. C., January 23. The proposed contract provides for the collection and transportation of molasses produced from the surplus sugar cane in Puerto Rico, and the distribution of such molasses for livestock feed in the continental United States. All financing of such operations, under the contract, would be done by the contracting company, which would also provide immediate stocks of 10,000,000 gallons of molasses to the Secretary of Agriculture for immediate distribution. Approximately 50,000,000 gallons of molasses to be processed from Puerto Rico surplus cane could be used to augment the supplies of livestock feed in drought states. The plans to utilize the Puerto Rican cane is the initial step in programs which may be extended to include the shipment of additional molasses from the Philippine Islands if needed to meet the emergency. With corn, hay and other feed supplies materially less than normal requirements on account of the 1934 drought, the program of the Agricultural Adjustment Administration to supplement existing supplies should tend to offset the current shortages.

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POTATO GROWERS REQUEST CROP CONTROL PROGRAM

Designation of potatoes as a basic commodity under the Agricultural Adjustment Act and enactment of control legislation for that crop similar to the Kerr-Smith Act for tobacco were recommended by representatives of 11 potato growing states at a meeting held at the Department of Agriculture. Representatives of four states voted present, pending further study of the plan, and the representative of one state voted against the action. State delegations favoring the action were: Maine, North Carolina, Virginia, Maryland, New Jersey, South Carolina, Ohio, Kansas, Alabama, Michigan, and Louisiana. The Connecticut representative voted against the proposal. Representatives of Minnesota, North Dakota, New York, and Florida voted present. The meeting was called by the South Atlantic Potato Program Development Committee. Representation of other states was arranged by the Directors of Extension in the respective states. Three possible approaches to the problem of making the Agricultural Adjustment Act applicable to potatoes were outlined at the meeting. These included extension of the marketing agreement principle; a control program with potatoes as a basic commodity, involving processing taxes and benefit payments; and a program similar to that recommended in the vote.

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BEE AGREEMENT GETS AMENDMENT

An amendment to the marketing agreement and license for shippers of packaged bees and queens which provides a revised schedule of minimum prices, defines the terms consumer, dealer, and person, and also specifies that nuclei shall be priced the same as packaged bees, became effective January 18.

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BANKHEAD QUOTA
FOR 1935 ANNOUNCED

The Secretary of Agriculture announced that the national quota under the Bankhead Cotton Act would be 10,500,000 bales of 500 pounds of lint cotton for the 1935 season. Tax exemption certificates for that quantity of cotton will be issued upon application of cotton producers as provided in the Act. In addition to these tax exemption certificates which will be issued for 1935, there are certificates for approximately 700,000 bales of 478 pounds of lint cotton issued in 1934 now in the hands of producers. It is improbable that all of the certificates carried over from the 1934 season will be used in 1935. The formal proclamation continuing the Bankhead Act into the 1935 season and the findings of the Secretary of Agriculture that two-thirds of the producers favor the tax will be submitted within a few days. The announcement by the Secretary of Agriculture was made in order that cotton producers would have the opportunity to make their plans for the 1935 crop. The Secretary further announced that it would be the purpose to permit producers participating in the Agricultural Adjustment Administration program under voluntary agreements to rent to the Secretary of Agriculture up to and including 35 percent of their base acreage and receive payment therefor. In the event that cooperating producers take advantage of this privilege and a majority of those not now under contract sign a contract which will be offered for 1935, approximately 130 million dollars in rental and benefit payments will be disbursed in the program. It was further announced that individual allotments for each cooperating producer under the Bankhead Act will be, as nearly as possible, a quantity of cotton equal to 65 percent of his base acreage times the average yield of the farm for the base period. In accordance with the terms of the Bankhead Act, some exemption certificates will be available for producers on farms not previously engaged in cotton production.

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PEANUTS DIVERTED TO OIL
UNDER ADJUSTMENT PROGRAM

Oil millers cooperating in the peanut adjustment program purchased 90,500 tons of farmers' stock peanuts from the 1934 crop for oil-crushing purposes from October 1, 1934, through December 31, 1934. This is approximately 18 percent of the total 1934 crop. Of the farmers' stock peanuts purchased for oil crushing prior to December 31, a total of 64,700 tons were purchased in the Southeastern states -- approximately 23 percent of the total 1934 production in this area. Of this amount, 22,100 tons were Spanish type and 42,600 tons were Runner type peanuts. These quantities had been crushed into oil prior to January 1, 1935. In the Southwest, 1,900 tons of Spanish type peanuts were crushed into oil prior to January 1, 1935 -- approximately 5 percent of the total 1934 crop in this area. In the Virginia area, 4,500 tons of Virginia type peanuts were purchased through December 31 for crushing into oil prior to May 1, 1935, making a total of 24,900 tons, or 12 percent of the total Virginia crop, diverted into oil channels under the program.

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FOUR HEARINGS SET
ON CHERRY AGREEMENT

A series of four public hearings on a proposed marketing agreement for red cherries for canning and cold packing will be held at the Eagle Hall, Ludington, Mich., on January 25; at the County Court House, Sturgeon Bay, Wis., on January 26; at the Hotel Seneca, Rochester, N. Y., on February 1; and at the Hotel Utah, Salt Lake City, Utah, on February 8. Among the provisions of the proposed agreement are those which concern minimum prices to producers and grades.

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CHECKS UNDER 12-CENT LOAN
TO COTTON POOL MEMBERS

Checks totaling \$777,282.43 were issued on January 16 to 20,054 members of the 1933 cotton producers' pool upon applications for the 2-cent advance on their participation trust certificates under the 12-cent loan plan. These are the first checks to be issued to pool members since arrangements were made to apply the 12-cent loan plan to equities held by members of the pool. Additional checks will be issued at the rate of approximately 20,000 a day until all applications now approved are taken care of. As of January 17, the pool had applications from 224,997 members for 12-cent loans on 1,194,883 of the approximately 1,600,000 bales of cotton now held by the pool. In addition to this cotton, the pool holds future contracts which bring its total holdings to approximately 1,620,000 bales. Pool members already have been advanced 10 cents a pound or approximately \$50 a bale as evidenced by their participation trust certificates. When authorized by the pool member to do so, the pool manager borrows from the Commodity Credit Corporation an additional 2 cents a pound or \$1. a bale. From this additional amount, the pool manager deducts the carrying charge on the cotton in the pool. This carrying charge is 30 cents per bale per month from February 1, 1934, to October 1, 1934. The carrying charge on one bale of cotton for this 8-month period therefore amounts to \$2.40, leaving \$7.60 per bale to be distributed to pool members who request the additional 2 cents a pound loan. The pool manager estimates that applications for the additional 2 cents a pound loan will be made on approximately 1,500,000 bales, which would mean the distribution of a total of approximately \$11,400,000 to pool members.

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CONNECTICUT SHADE TOBACCO
MINIMUM PRICES HIGHER

New minimum prices for the sale by contracting handlers of each grade of Connecticut Valley Shade-grown Type 61-A tobacco have been approved by the Secretary of Agriculture, who also signed an amendment to the license for handlers of this type of tobacco incorporating the new price schedule as part of the license. The new schedule and amendment, carrying an average increase of 13 percent over the minimum prices in effect for the last season's crop, is effective January 21. The price schedule is for sales by handlers, but prices received by handlers represent direct returns to growers because this tobacco is handled either by growers themselves or by handlers operating under joint account or on commission for the growers. The prices in the new schedule are equivalent to farm prices 9 percent below present parity prices. The revised schedule was submitted to the Secretary by the control committee created under the marketing agreement for the Connecticut Valley shade-grown tobacco industry. The marketing agreement provides that the control committee may fix, subject to the prior approval of the Secretary, a schedule of minimum prices for the sale by contracting handlers of each grade of this tobacco.

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TEXAS CITRUS
LICENSE AMENDED

An amendment to the license for shippers of oranges and grapefruit grown in Texas becomes effective January 19. Under the license, as amended, shippers whose allotment during any proration period is based on their past performance need not, as heretofore, file growers' certificates before the allotment is made. Instead they are required to file growers' certificates within 48 hours after the end of the proration period. Failure to file the growers' certificates within the required period will prevent shippers from obtaining subsequent allotments. This amendment was made to adapt the license and its provisions more closely to the prevalent trade practices in the Texas citrus industry.

HAWAIIAN SUGAR
AGREEMENT HEARING

A public hearing on a proposed marketing agreement for sugar produced in the Territory of Hawaii will be held at the Federal Building in Honolulu,

Hawaii, January 31. The hearing follows an agreement reached in December between representatives of the Hawaiian Sugar Planters' Association and the Secretary of Agriculture on the general principles to be adhered to in making the sugar program effective for Hawaii. The agreement to be considered at the hearing provides for the regulation and distribution of allotments of sugar to growers and handlers in the Territory of Hawaii, to be made from the market quota established for Hawaiian sugars in the continental United States, and a local consumption quota for the Territory. The agreement also contains clauses regarding the production adjustment program, and contracts which it is anticipated will be offered to Hawaiian producers. The proposed agreement would be administered by a control committee of nine members, eight of whom are to represent the Hawaiian sugar industry and one the Secretary of Agriculture. Labor provisions similar to those incorporated in continental sugar beet and sugarcane contracts have been incorporated in the proposed agreement, with an additional clause providing for regulation of working hours. The agreement would give the Secretary of Agriculture access to the books and records of those signing the agreement.

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HEARING ON CORN
MILLERS' PROPOSAL

Consolidation of the commercial dry corn milling industry as a division of the wheat flour milling industry under the wheat flour millers' code

will be considered at a public hearing on January 28 at the Netherlands - Plaza Hotel, in Cincinnati, Ohio. At one time a separate code for the corn milling industry had been considered, but consolidation with the wheat flour milling industry is now sought. The corn milling industry would retain autonomy under the proposed plan, as it would have a code authority separate from that administering the wheat flour milling industry. The proposal for a separate code authority, and modification of some of the fair trade practices of the flour milling industry code as they would affect the corn milling industry, are the chief points upon which the hearing will be held. It is anticipated that new testimony, regarding the applicability of the present labor provisions of the wheat milling code to corn milling, may be introduced at the hearing. The application for a public hearing on the proposed consolidation was made by the American Corn Millers' Federation. It is estimated that several hundred millers would be affected by the code.

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CHICAGO MILK LICENSE
GETS AMENDMENTS

Embodied in amendments to the Chicago milk license, effective January 17, are the following: an increase in the Class 1 price for 3.5 percent milk

delivered at country stations within the 70-mile zone from \$2 to \$2.20 per 100 pounds; a modification in the distributors' requirements for the purchase of cream from producers with established bases; and authority for the market administrator to disclose names of violators of the license and to settle and compromise outstanding obligations of distributors.

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POOL TO CLOSE SALE
BANKHEAD CERTIFICATES

Sale of surplus certificates by the national surplus cotton tax-exemption certificates pool will end at midnight, February 9, the Agricultural Adjustment Administration announced. The pool was formed to facilitate the transfer of surplus-tax-exemption certificates under the Bankhead Cotton Act. November 24, 1934, was the final date on which producers with excess certificates could surrender them to the pool for sale. Surplus certificates are sold by the pool at the standard rate of 4 cents a pound, whereas the tax on the ginning of cotton in excess of Bankhead Act allotments is 5.67 cents a pound. Following closing of the pool, any local sales of certificates at a price other than the fixed price of 4 cents a pound will be illegal and will subject the certificates to cancellation. Local sales are legal only when made between producers within a county and the transfer recorded in the office of the county assistant in cotton adjustment. It is anticipated that all non-pooled and unused certificates will be called in at an early date for re-issuance in a new form for 1935 use.

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WICHITA MILK
LICENSE AMENDED

The marketing of milk on a butterfat, rather than a hundredweight payment basis, and the use of a flat price instead of a formula price for Class 2 milk used for cream purposes, together with increased minimum resale cream prices to correspond to the increase in Class 2 price, are the principal changes made by amendments to the existing milk license for Wichita, Kan., which becomes effective January 21. The changes were requested by the market administrator and the Wichita Milk Producers Association so that the license might operate more closely in line with the needs of the market. The new Class 1 price is 60 cents per pound of butterfat instead of the former price of \$2.20 per hundredweight of milk testing 3.5 percent butterfat. This represents a decrease of about 10 cents per hundredweight for Class 1 milk of 3.5 percent test, and is said to be in line with prices in adjacent markets.

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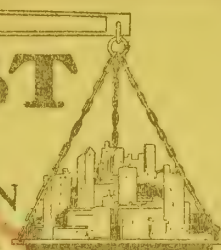
HIGHER MILK PRICE
IN TULSA LICENSE

An amendment to the license for the Tulsa, Okla., milk sales area, effective January 16, increases the producer prices on Class 1 milk from 60 cents a pound butterfat to 72 cents, and on Class 11 milk from $47\frac{1}{2}$ cents a pound butterfat to 55 cents; and increases minimum resale prices to consumers in line with the increase in producer prices. The amendment, agreed to by both producers and distributors in the Tulsa area, brings prices to producers in the Tulsa area in line with prices for milk brought in from outside areas.

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NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION



Volume 2, Number 17

January 26, 1935

CIGAR LEAF GROWERS TO VOTE ON KERR-SMITH ACT

A referendum will be held in February to determine whether the growers of cigar-filler and cigar-binder tobacco favor application of the Kerr-Smith Act to these types of tobacco in 1935. The referendum was requested by a large number of growers of these types of tobacco. Cigar-filler and cigar-binder tobacco types are produced in New England, New York, Pennsylvania, Ohio, Indiana, Illinois, Wisconsin, and Minnesota. Persons who own, rent, share-crop or control land customarily engaged in the production of cigar-filler and cigar-binder tobacco, are eligible to vote in the referendum. The exact date for opening the referendum in each county will be specified by the county agent. The period for voting will be at least 10 days and will be closed on February 15. The referendum will be conducted on the following question: "Do you favor a tax, as provided in the Kerr-Smith Act, on the sale of cigar filler and binder tobacco for the crop year beginning May 1, 1935? All persons eligible, regardless of whether they signed production adjustment contracts, will have an opportunity to vote. Approximately 92 percent of the growers of domestic filler and binder types of cigar-leaf tobacco have signed adjustment contracts. Cigar-leaf types of tobacco were exempted from the provisions of the Kerr-Smith Tobacco Act last season.

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MILK RETURNS HIGHER ON 22 LICENSED MARKETS

Producers serving 22 Federally licensed milk markets received \$14,685,000 more in gross returns for their Class 1 or fluid milk, during 1934, than they would have received for the same volume under average prices paid for this class of milk in May, 1933, before any licenses were in effect, according to an analysis by the dairy section of the Agricultural Adjustment Administration, based on volume of milk included in the respective pools as reported by the market administrators. In computing this estimated increased gross return for Class 1 milk brought about by the licenses and other factors, due allowances were made for the several amendments involving changes in the prices defined in the licenses, with their periodic effects on the Class 1 returns to producers f.o.b. the sales area. The number of days in which each license operated according to the various schedules for Class 1 milk were respectively computed. The final estimate is based on average daily deliveries as reported by the market administrators. There are a total of 49 milk sales areas operating under Federal milk licenses. Figures are not as yet available for the balance of the markets not included in the present estimate. The result indicates only gains in gross returns to producers and does not allow for small deductions from payments to producers, agreed to by their cooperative associations seeking the licenses, which are used to pay the expense of supervision and to provide mutual market services for all producers. In many cases these are no larger than deductions previously paid by producers for market protection.

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GROWERS RECOMMEND
POTATO CONTROL PLAN

A potato advisory committee representing producers in 16 states has recommended to the Agricultural Adjustment Administration a number of principles it desires incorporated in a national program for potatoes. The committee has requested the Adjustment Administration to aid in drafting a tentative bill which the committee will submit to Congress. The program recommended by the committee contemplates designation of potatoes as a basic commodity and control legislation similar to the Kerr-Smith Act for tobacco. Neither processing taxes nor benefit payments are included. Recommendations of the advisory committee include: Determination by the Secretary of Agriculture of the advisable size of the annual crop to be marketed with a view towards establishing and maintaining a parity price level for potatoes; a flexible basis of allotment to states, using a production average computed from the three highest yields and acreages of the five-year period, 1930-34; allotments to individual growers based on state allotments; a tax of half a cent a pound on all potatoes marketed which are not covered by tax-exempt certificates; marketing of all potatoes in closed packages; transfer of tax-exempt certificates between growers, and between districts with their value to be determined by the supply and demand for them; provision for a reserve to care for new growers; and a referendum on the plan after one year of operation. The advisory committee which made its recommendations represented growers from Maine, North Carolina, Virginia, Maryland, New Jersey, South Carolina, Ohio, Kansas, Alabama, Michigan, Louisiana, Connecticut, New York, Florida, North Dakota, and Minnesota.

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REDUCE PROCESSING TAX
ON TOBACCO FOR CHEWING

Reduction of the processing tax rates upon the first domestic processing of Burley, flue-cured fire-cured and dark air-cured tobacco used in the manufacture of plug, twist and other chewing tobacco and upon cigar-leaf tobacco used in the manufacture of scrap chewing and smoking tobacco was announced by the Agricultural Adjustment Administration. The reduced rates become effective February 1 and are set out in regulations signed January 18 by the Secretary of Agriculture and approved by the President. The findings set out in the regulations are based upon evidence submitted at public hearings and upon other available facts. From this data it was found that the processing taxes at such rates as had been found by the Secretary to equal the respective differences between the current average farm price and the fair exchange value of the types named, when used for the purposes set forth, would cause such a reduction in the consumption of these types of tobacco as to result in the accumulation of surplus stocks and in the depression of the farm price and that the rates established in the new regulation would prevent such results. For Burley used in plug and twist or other chewing tobacco, the new rate is 2.5 cents per pound, farm sales weight. The new rate on flue-cured used in plug and twist or other chewing is 2 cents. For fire-cured or dark air-cured used in all chewing products the new rate is 2 cents. The new rate on cigar-leaf used in scrap chewing and smoking tobacco is 2 cents. The trend in consumption of chewing tobacco has been downward for a number of years. During the last two years, when the consumption of most other tobacco products increased, the consumption of chewing tobacco has shown little change.

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CORN-HOG PRODUCERS
APPLY FOR CONTRACTS

Signing of applications for the 1935 corn-hog adjustment contract is now getting under way in a number of leading corn and hog states and probably will be near completion by the end of February. The first step in conducting the 1935 corn-hog program among producers is the holding of educational meetings at which the new contract is explained. Then follows the signing of applications for the contract. These applications will be signed by producers either at the local educational meetings or on specified dates following the educational meetings. Local forecasts indicate that the sign-up this year should not be greatly different from last year. Some states feel confident that there may be an increase in percentage of production represented by contract signers. If these forecasts should prove to be accurate, the 1935 program should be fully effective in holding production in line with demand. Full success of the 1935 program depends upon the drought conditions and the desirability of simplifying and reducing administrative work, the new contract was formulated with the lowest practicable minimum in adjustment requirements and the maximum in flexibility of provisions.

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HEARING ON AMENDED
BOSTON MILK LICENSE

A public hearing to consider a proposed amended milk license for the Greater Boston, Mass., milk sales area will be held at Burlington, Vt., January 28. It is the purpose of the proposed amended license, which is based upon the new standard form, to clear up any confusion which may have resulted from the many amendments to the existing license, which was issued on May 15, 1934. The amended license on which the hearing will be held does not make any change in Class 1 prices to producers, the schedule remaining as at present, with the Class 1 price for 3.7 percent milk at \$3.26 per hundred pounds f.o.b. the sales area. After the hearing concludes at Burlington, the hearing will be adjourned to Boston, to give Massachusetts milk producers ample opportunity to present their views on the points involved.

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PROPOSED RAW COTTON TRADE CODE WITHDRAWN AT HEARING The Conference of the Raw Cotton Trade has formally withdrawn the code of fair competition which it drafted at New Orleans in August, 1933. At the request of Agricultural Adjustment Administration Officials, members of the trade remained in session at a public hearing, which opened January 23 in Washington, D. C., to discuss proposed consolidation of trading rules for the purchase and sale of raw cotton. The rules were to have been a part of the code.

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SOUTHERN RICE
HEARING POSTPONED

The hearing on conversion charges set forth in the marketing agreement for the Southern rice milling industry to have been held January 22 at the Department of Agriculture, Washington, D. C., has been postponed until March 11. The postponement was granted at the request of a representative of the Rickert Rice Mills, Inc., of New Orleans, La., petitioners for the hearing.

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FULL DUTY SUGAR MAY BE
CERTIFIED ON PURCHASE

Requests for certification by the sugar section of the Agricultural Adjustment Administration to the effect that full duty sugars are within established quotas may be made by importers after the sugar is purchased rather than upon arrival of the sugar in the United States. Up to this time, such certifications were made only upon the arrival of the sugars in the continental United States. Since the quotas for full duty countries are relatively small, some of the importers of full duty sugars, which are used in the western canning industry for export trade, are unable to make advance commitments since there is danger that when the sugars purchased arrive in the United States, the quotas will have been exhausted by the prior arrival of other sugars from the same area. Such certifications will be given by the sugar section of the Agricultural Adjustment Administration only in cases where satisfactory evidence has been given of bona fide purchase and intention to ship. Such certification will be effective only for stated periods of time. It was pointed out that sugars may be brought in from full duty countries under bond for re-export purposes; such sugars are not within the quota restriction of the Jones-Costigan Act.

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ISLANDS' RAW SUGAR QUOTA
DIRECT-CONSUMPTION FILLED

The allotment of 9,996 short tons of Philippine raw sugar which may enter the United States for the calendar year 1935 for direct-consumption without further processing, has already been filled. No more raw sugar may enter the United States from the Philippine Islands for direct consumption in 1935, but raw sugar for further processing may enter within the limits of the total quota for the Islands. The total Philippine sugar quota for 1935 is 918,352 short tons, raw value, and the total quota of direct consumption sugar is 79,661 short tons, raw value. Shipments of refined sugar to fill the remainder of the direct-consumption quota, 69,665 short tons, raw value, will be certified by the sugar section of the Agricultural Adjustment Administration until the quota is filled. The allotment of the direct-consumption quota into raw sugar intended for direct consumption and refined sugar was made by Governor-General Murphy under authority granted by the Secretary of Agriculture and in accordance with the recently enacted Philippine Sugar Limitation Law.

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SUGAR IMPORTS
MUST BE CERTIFIED

Certification to collectors of customs by the sugar section of the Agricultural Adjustment Administration, that the particular sugar for which application for entry is made is within the applicable quota, will be required for all sugars (either raw or direct consumption) from foreign countries, other than Cuba, and for all direct consumption sugars coming from Puerto Rico, the Philippine Islands and Hawaii. Notice to this effect has been given to all collectors of customs by the Commissioner of Customs in Washington, D. C. Importers of such sugar should request the sugar section to certify to the collector of customs that the sugar which they desire to enter for consumption is within the 1935 quota for the respective areas. Customs officials will release the sugar upon receipt of such certification from the sugar section of the Agricultural Adjustment Administration.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

VOLUME 2, NUMBER 18

February 2, 1935

ADJUSTMENT PAYMENTS EXCEED HALF BILLION

Disbursements to farmers cooperating in adjustment programs of the Agricultural Adjustment Administration, including payments in connection with the exercise of cotton options and the cotton producers' pool, reached a cumulative total of \$629,614,037 as of January 31, according to the latest tabulation of rental and benefit checks. The regular monthly report of expenditures issued by the comptroller of the Adjustment Administration, lists total expenditures from date of organization, May 12, 1933, to December 31, 1934, inclusive, as \$733,983,535, of which \$527,501,795 represents rental and benefit payments, \$170,296,958 for removal of surplus operations, and \$36,184,780 for administrative expenses. The comptroller's report lists rental and benefit payments, cumulative for all programs to December 31, 1934 by commodities, as follows; cotton, \$202,546,560; wheat \$146,749,953; tobacco, \$18,995,664; corn-hogs, \$159,154,075; and sugar, \$55,541. Removal of surplus purchases and operations include: hogs, \$46,062,952; wheat, (export operations in Pacific Northwest) \$6,057,227; butter and cheese, \$12,350,493; cattle, \$91,705,445; sheep and goats, \$2,294,237; conservation of adapted varieties of seeds, \$11,826,603. Through December 31, 1934, returns from processing and related taxes had reached a cumulative total of \$640,871,403. By commodity on which collected, receipts from processing taxes were as follows: wheat, \$181,483,818; cotton \$193,635,531; paper and jute, \$11,347,487; sugarcane and sugar beets, \$33,901,906; peanuts, \$430,917; cotton ginning tax, \$121,517; tobacco producers sales tax, \$1,065,105; and unclassified, \$4,683.

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RICE GROWERS REQUEST ADJUSTMENT PROGRAM

Establishment of a processing tax on rice and inauguration of a 1935 adjustment program for this basic commodity has been recommended to the Agricultural Adjustment Administration by a committee of rice growers. If a program is developed for the southern rice area which includes parts of Louisiana, Arkansas and Texas, a similar adjustment program will be offered the rice growers of California. The recommendations made by the growers' committee suggested that a processing tax of 1 cent per pound be levied on rice, effective March 1, 1935, and that the tax be continued at this rate through the marketing year ending July 31, 1936. The committee also suggested that the marketing agreement and license for the southern area be terminated at the date the processing tax becomes effective but that the prices specified in the marketing agreement be maintained by other means throughout the remainder of this season so that growers who sell after March 1 will receive at least as much as those who sell prior to that date. It was recommended that the floor stocks tax not be levied and that rice purchased at a price as high as or higher than that specified in the existing marketing agreement and license be exempted from the processing tax. It was suggested that the acreage allotment and production quota allocated to the southern area in 1935 be approximately the same as that allotted in 1934, but that the acreage and allotments to individual growers be adjusted downward where satisfactory proof has been presented that growers have over-stated their acreage and production during the base period; and that upward adjustments be made to take care of inequities found in the 1934 allotments, provided that the state allotments and quotas are not exceeded.

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CORN LOAN PLAN
CONTINUED FOR 1935

The provision for Government loans on corn stored on the farm in surplus-producing areas definitely will be a part of the corn-hog adjustment program for 1935, the Administrator of the Agricultural Adjustment Act announced. As was the case last year, only farmers who sign the corn-hog contract soon to be offered will be eligible for these loans. The amount to be loaned per bushel this year has not been determined, and cannot be until later in the season when the essential facts in regard to probable production and feed requirements have developed. Inaugurated in the fall of 1933, Government lending of farm-stored corn is now recognized as a valuable device in carrying surpluses from one year to another, provided it is coupled with sound production control. The corn-loan program, an important supplement to the corn-hog adjustment program, will aid contract signers in a financial way and will be an additional factor in steadying production and prices. In planning to make loans on farm-stored corn and by tying the loan program to production control, the Government is, in effect, inaugurating the "ever-normal granary" policy. If weather is nearly normal in 1935, plenty of corn for reserve supplies will be raised in this country. The "ever-normal granary" plan would help materially in offsetting variations in yield per acre due to weather, officials believe. Whatever kind of adjustment program is in effect, there always remains the factor of weather which, in any given year, cannot be controlled. The weather factor tends to even up over a series of years and thus a sound farm-storage plan to hold over a part of the bumper crops from favorable years would assist in maintaining a fairly constant grain supply. With adequate reserves once established by means of an "ever-normal granary" plan, subsequent plantings could be fitted largely to the current requirements estimated on effective demand outlook. An important result of a farm-storage policy would be stabilization of the volume of fat livestock coming on the market, according to Administration officials. In the past, production of large feed supplies, due to favorable weather, invariably has been followed by greater livestock production, almost without regard for the real demand situation. This shift usually continues until the price relationship between livestock and feed grain reaches a point at which the return from the hundredweight of livestock is no longer any greater than the cash price for the amount of grain required to produce the hundredweight of livestock. This shifting about in production of livestock until the price relationship with feed grains is neutral, however, really gains nothing in the long run if production of both feed grains and livestock is overshooting demand.

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PUBLIC HEARING
ON COTTON TAX

A public hearing to determine whether the processing tax upon cotton is causing or will cause to the processors thereof disadvantage in competition from reinforced gummed paper tape by reason of excessive shifts in consumption between such commodities or products thereof, will be held February 14, in the hearing room of the United States Tariff Commission, Washington, D. C.

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FEEDER PIG LIMITS
REMOVED BY RULING

Farmers who sign the 1935 corn-hog adjustment contract will be permitted to purchase an unlimited number of pigs for feeding purposes from non-signers as well as contract signers, under a ruling by the Secretary of Agriculture which becomes effective as of December 1, 1934. In the original form the 1935 contract provided that the signer might buy this year an unlimited number of feeder pigs from other contract signers, but he was not permitted to buy from non-signers more feeder pigs than the average number purchased by him during the two-year base period, December 1, 1931, to November 30, 1933, inclusive. Removal of all restrictions on the number of feeder pigs purchased in 1935 by contract signers is based on recommendations of a number of producers. It will expedite the movement of feeder pigs from contract signers in drought areas, for example, to contract signers in areas with adequate feed supplies by way of third parties at public livestock markets as well as by direct transfer. The removal of restrictions on the number of pigs that may be purchased by the contract signer in 1935 pertains to stocker and breeding hogs as well as to feeder pigs. Contract signers who purchase feeder pigs are required to keep information as to the date and place of each purchase, the number of feeder pigs purchased, the average weight of pigs at the time of purchase, the method used in distinguishing feeder pigs from pigs farrowed on the farm, and the name and address of the seller or person who delivered the feeder pigs. Unless this evidence can be furnished at the time of checking compliance, and unless all feeder, stocker and breeding hogs purchased as well as hogs fed for others by contract signers are marked for identification, it will be assumed by corn-hog committeemen that such hogs have been produced for market from 1935 litters owned by the contract signer at the time of farrowing. No adjustment payments are made to signers on feeder pigs they have purchased, but the producer of the feeder pigs may be entitled to an adjustment payment if he is a contract signer.

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CORN-HOG PRODUCERS
RECEIVED 182 MILLION

Adjustment payments totaling more than 182 million dollars now have been made to farmers cooperating in the 1934 corn-hog program, a preliminary report shows. Up to January 28, approximately \$136,197,000 in first installment payments had been distributed to 1,531,943 contract signers, while second installment checks representing about \$46,144,000 had been mailed to 734,147 cooperating producers. Approximately 50 percent of the second installment, estimated at \$2 million dollars, has now been disbursed. Practically all of the first payment checks have been distributed.

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EVAPORATED MILK
AMENDMENT EXTENDED

The termination date of an amendment to an existing marketing agreement for the evaporated milk industry has been extended from January 31 to February 28 by special order of Secretary of Agriculture. This amendment increased the maximum wholesale prices of evaporated milk 20 cents per case and eliminated certain overage points on freight rates from the schedules, as a temporary adjustment in the terms of the agreement until a revised marketing agreement for the industry might be completed. A revised agreement has been submitted, but in no event can such revised agreement be made effective prior to March 1, 1935. The extension of the termination date merely permits the industry to continue under the terms of the amendment until the new agreement is in effect.

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CLOSING DATE SET FOR
SIGNING SUGAR CONTRACTS

February 9 has been set as the closing date for the signing by farmers of sugarcane production adjustment contracts in Louisiana and of sugar beet production adjustment contracts in all States, except Ohio, Indiana, and Washington. The closing date for signing sugar beet contracts in Ohio, Indiana, and Washington is February 16. The closing date for the sugar beet campaign applies only to the signing of production adjustment contracts and does not refer to purchase contracts which growers enter into with beet sugar factories. Completion of the sign-up campaign by February 9 is essential in order that individual acreage allotments may be computed and growers given this information which they need in making their contracts with the factories. A somewhat different procedure is used in making allotments to Louisiana sugarcane producers. However, in order that these allotments may be computed as soon as possible, it is essential that all of the Louisiana contracts be signed by February 9. It is expected that a total of 100,000 production adjustment contracts will be signed. Of those already signed, approximately 20,000 have been forwarded to Washington for auditing and payment. States in which farmers are signing sugar beet adjustment contracts include: California, Montana, Iowa, Indiana, Ohio, Colorado, Idaho, Illinois, Kansas, Michigan, Minnesota, Nebraska, North Dakota, South Dakota, Utah, Washington, Wisconsin, Wyoming and New Mexico.

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SAN DIEGO GETS
NEW MILK LICENSE

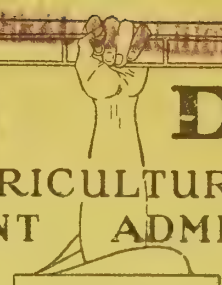
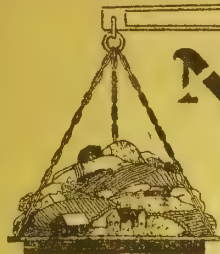
Issuance of a new milk license for San Diego, Calif., and termination of the license issued December 14, 1933 in support of a then existing marketing agreement, was announced by the Agricultural Adjustment Administration. The new license went into effect February 1, simultaneously with the termination of the former license. It was requested by the Milk Producers Association of San Diego County and the Dairymen's League of San Diego County. The new license provides for the purchase of milk from producers by distributors on the classified use basis, with payments to producers on an established minimum price schedule on the base-surplus plan. It also provides a schedule of minimum resale prices on milk and cream, in line with prices under the existing Los Angeles license. According to the license schedule, distributors are obligated to pay producers f.o.b. the sales area for milk as follows: Class 1 milk, used in direct consumption, 67 cents per pound of butterfat; Class 2 milk, used for cream sales, the current average price per pound for wholesale 92 score butter at Los Angeles, plus 25 percent, plus 13 cents per pound of butterfat; Class 3 milk, used in ice cream manufacture, cottage cheese, buttermilk and flavored drinks, the average price of Los Angeles wholesale 92 score butter per pound, plus 25 percent, plus 7 cents per pound of butterfat. For Class 4 or excess milk, diverted for manufacturing purposes, the Los Angeles butter price plus one-fourth of one cent per pound of butterfat for each one cent that the current butter price is above 24 cents per pound, wholesale.

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NEWS DIGEST

AGRICULTURAL

ADJUSTMENT ADMINISTRATION



VOLUME 2. NUMBER 19

February 9, 1935

WITHDRAWN CORN LAND USE OUTLINED FOR 1935

Land held out of production of corn for grain under the 1935 corn-hog contract may be planted without limitation to any other crop than corn, but not to corn for use as fodder or other forage purposes, the corn-hog section of the Agricultural Adjustment Administration pointed out with respect to requests from the northwestern corn belt area that the 1935 contract be modified to permit the planting of corn for non-grain purposes in excess of the acreage permitted under the contract. This question of modifying the 1935 corn-hog contract has been carefully considered. It appears that further relaxation would jeopardize the intended effect of the program, is not essentially necessary, would complicate compliance with the contract and is not favored by the large majority of corn-hog producers. The minimum acreage adjustment requirement in the 1935 contract of 10 percent of the 1932-1933 base average acreage gives farmers an opportunity to produce an ample margin over expected feed needs. With about the same general participation in the corn-hog program in 1935 as in 1934, farmers of the United States may plant in the neighborhood of 95 million acres to corn this coming spring. With anything like normal yields, this planted area should take care of all needs and leave a margin of not less than 200 million bushels for rebuilding feed reserves. A liberal margin over requirements is desirable, of course, to assure adequate reserves following the recent drought, but indiscriminate planting of corn, even for other purposes than grain, would tend to produce a really burdensome surplus of corn. The serious feed situation that will exist in the drought areas during the next five or six months and the consequent need for minimum restriction on the planting of early-maturing emergency crops is recognized in the 1935 corn-hog contract as it now stands. Contract signers in 1935 may put in any desired acreage of pasture, hay or feed grain crops, except as they may be limited by other commodity contracts. The lifting of restriction on the use of non-corn land this year will encourage the prompt reestablishment of hay and pasture stands destroyed by the drought last summer. The early planting of several crops other than corn for forage purposes also will offer the maximum protection against the possible development of unfavorable local weather later in the season.

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CANNED ASPARAGUS AGREEMENT HEARING

A public hearing on a proposed marketing agreement and license for canning asparagus grown in California will be held February 19 at the University of California, Berkeley, Calif. The provisions of this proposed agreement are generally similar to those of the license issued by the Secretary of Agriculture on March 2, 1934, covering the 1934 crop, with the exception of those provisions for limitation of pack. The 1934 license authorized the agreement control committee to limit the pack of canned asparagus to a definite number of cases. The proposed marketing agreement provides for limitation of pack through correlation of part of the volume of asparagus to be canned with the volume permitted to be sold as fresh asparagus under the provisions of the marketing agreement for fresh asparagus, approvee March 16, 1934.

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INCREASED DEMAND NEEDED
TO HOLD FARM PRICE GAIN

Sharp advances since the drought, along with adjustment payments, have brought the price level of 14 basic agricultural commodities practically to the pre-war parity point, but this price gain can be maintained during 1935 only through an increased domestic demand, a study just completed indicates. Although the price level rose steadily from August 1933 to May 1934, the rate of increase from May to September last year was accelerated by the shortages caused by the drought. Larger crops anticipated from the adjustment programs for 1935 will replenish these shortages and will tend to lower this average price of the basic commodities unless there is support from a rising domestic demand in the form of increased industrial activity and factory payrolls. The 14 basic commodities under the Agricultural Adjustment Act, with the first seven named being those upon which processing taxes are levied, are: wheat, cotton, field corn, hogs, tobacco, sugar, peanuts, rye, flax, barley, grain sorghum, cattle, rice, and milk and its products. The index of parity prices for all farm products for January was 126 percent of the pre-war figure. The index for the seven basic commodities on which processing taxes are being levied was 135 with adjustment payments included; for the 14 basic commodities including the seven upon which there are processing taxes, 124; and for all farm products, 120. Without the adjustment payments, the corresponding index figures are 107 for the seven basic commodities, 106 for the 14 basic commodities, and 107 for all farm products. In February 1933 the price of the 14 commodities listed as basic under the Agricultural Adjustment Act was 52 percent of the pre-war level. Between August 1933 and May 1934, as various adjustment programs and other recovery measures were put into effect, the price level averaged 76 percent of the pre-war level and in May 1934 prices were 77 percent of pre-war. From May to September prices rose to 101 percent of the pre-war level and on January 15, 1934 averaged 106 percent of pre-war, the sharp advance in the past few weeks being due largely to increased livestock prices. The adjustment payments on production covered by contracts with the Agricultural Adjustment Administration represent about 28 percent of the prices farmers currently receive on these seven commodities. Including benefit payments, therefore, brings the index of prices farmers receive for their allotments under contracts to 135 percent of the pre-war, or 9 percent above parity. For all farm commodities, including the 14 "basic", the index in February 1933 was 49 percent of pre-war. In August 1933 the figure was 79 and by May 1934 it was 82. Since that period farm prices rose until in January they were 107 percent of pre-war. When allowance is made for the effect of adjustment payments prices of all farm products in January were 120 percent of pre-war.

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OFF-SHORE SUGAR
ENTRIES REPORTED

January entries of sugar for consumption in the United States from Cuka, the Philippines, Puerto Rico, the Virgin Islands, and Hawaii totalled 751,786 short tons, raw value, and have been charged against the 1935 quota for those areas, the sugar section of the Agricultural Adjustment Administration announced. The report, covering sugar entered from January 1 to February 1, showed that the entries represented 16.8 percent of the total of 4,454,019 tons admissible from those areas in 1935. The sugar section plans to issue similar reports each month indicating the totals of entries against 1935 quotas.

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SEED CONSERVATION
PURCHASES COMPLETED

The Agricultural Adjustment Administration announced that seed conservation purchases of wheat, oats, barley, and flax were completed. Conservation of practically all adapted seed grains meeting required standards, and not held commercially for seed purposes has been assured, and funds appropriated for seed conservation are nearly exhausted. Emphasis in the Government program to alleviate seed shortage due to drought has now shifted to plans for rapidly completing distribution of the stocks of conserved seeds to farmers in areas of the officially designated drought territory where a seed-deficit exists, and to methods for providing information when requested concerning available supplies of adapted seed grain in private or commercial hands. The ending of conservation purchases, however, does not discontinue the optional purchase of seed quality corn under seal as security for corn loans, as this plan will proceed in states of the drought region until completed. Using the 25 million dollars made available under the emergency appropriations act for seed conservation, the Administration has acquired large stocks of adapted and superior varieties of grain-seeds to prevent their dissipation through feeding, processing or mixing. Such Government stocks, as of February 5, were as follows: wheat (hard spring) 5,590,804 bushels; durum wheat, 876,140 bushels; oats, 10,586,098 bushels; barley, 1,889,886; flax, 421,050; and sorghums, 591,050. Under the distribution plan, the county drought committees have made surveys to determine locally available seed supplies and have submitted consolidated orders for seed that cannot be supplied from local sources. Surveys have indicated deficiencies of adapted seeds in North Dakota, South Dakota, Montana, Minnesota, Kansas, Nebraska, Illinois, Iowa, Missouri, and Oklahoma. Producers in officially designated drought areas, where seed deficits have been shown to exist, may obtain conserved seeds at flat prices based on actual cost of the seed as grain, plus handling, cleaning and storage charges. Local elevators and seeds houses approved by the county drought committees and placed under proper bond, are distributing the government-held seed to producers on a service-charge basis and handling the receipts from sales. In connection with the program, information has been collected regarding available supplies of seed grain adapted to the drought region held privately or commercially. Thus the distribution agency is so organized that it can act as a clearing house for inquiries regarding car lot demands for seed grain adapted to the drought territory and can furnish information in regard to supplies of seed grain obtainable through regular commercial channels. Such inquiries should be addressed to the Federal Seed Procurement Service and Seed Stock Committee, 500 Flour Exchange Building, Minneapolis, Minn.

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CHANGES ANNOUNCED
BY ADMINISTRATOR

Reorganization of the Agricultural Adjustment Administration was announced February 5, by the Administrator of the Agricultural Adjustment Act. It follows several months of study of ways and means to make the Administration a more efficient operating unit of the Department of Agriculture. The reorganization consolidates the Administration's legal division with the offices of the Solicitor of the Department of Agriculture, subdivides the commodities division into several smaller divisions reporting directly to the Administrator's office, and sets up an operating council headed by the Secretary of Agriculture and the Administrator, with other executives as members. In conformity with the practices otherwise obtaining in the Department of Agriculture, the legal work of the Agricultural Adjustment Administration will be performed under the supervision and direction of the Solicitor of the Department.

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NON-SIGNERS MAY GET
1935 TOBACCO CONTRACTS

County Agents in flue-cured, Burley, fire-cured and dark air-cured tobacco-producing areas have been authorized by the Agricultural Adjustment Administration to offer adjustment contracts for 1935 to those producers who did not sign contracts in 1934. Requirements for signing contracts for 1935 are the same as those under which contracts were signed in 1934. The same methods of calculating the base acreage and production will be used. Rental and benefit payments will be made as provided for by the contracts for 1935. Growers signing the contract for 1935 will be entitled to receive tax-payment warrants for their 1935 crops, in accordance with the terms of the Kerr-Smith Tobacco Act. They will not receive payments provided for by the contracts for 1934 nor tax-payment warrants for their 1934 crops. An early closing date will be announced for the signing of contracts, as nearly all growers have already signed.

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LESS FIRE-CURED AND
DARK AIR-CURED IN 1935

The 1935 crop of fire-cured and dark air-cured tobacco to be offered for sale will likely be somewhat smaller in volume than the total sales of the 1934 crop of these types, according to the tobacco section of the Agricultural Administration. The acreage and production allotment to contracting growers of fire-cured and dark air-cured tobacco in 1934 was 75 percent of the base. Very favorable growing conditions in most of the dark tobacco areas made for yields above normal in 1934. Partly because of this and partly because of the apparent demand in foreign markets for more lug grades than might otherwise have been marketed, it was decided to permit contracting growers to sell up to an additional 15 percent of their allotted production in 1934 on condition that their second adjustment payment would be proportionately reduced. The acreage and production allotments in 1935 will be 80 percent of the base, but this small possible increase over the 1934 plantings of contracting growers will likely be more than offset by other factors. It is estimated that the total 1934 crop sales of fire-cured tobacco will be between 15 and 20 million pounds less than world consumption last year and that sales of the 1934 crop of dark air-cured tobacco will be about 10 million pounds less than was consumed last year. Many growers of dark tobacco who did not reduce production in 1934 have already agreed to reduce plantings in 1935, and yields which were well above normal in most sections in 1934 may not be as large this year. It is anticipated that the 1935 crop of fire-cured and dark air-cured tobacco that can be sold will be somewhat smaller in volume than the total sales of the 1934 crop of these types. This should mean that sales of dark types next season will be under consumption level and should result in further substantial reduction in stocks. The 1935 acreage of contracting growers will be carefully checked to see that it does not exceed 80 percent of the base. It has been suggested that contracting growers plan for an acreage this year about equal to their allotments in 1934. By doing that, they will have a margin of 5 percent to take care of differences in their measurements and the measurements of those who check the acreage. In addition, a reduction slightly below the allotted acreage would tend to prevent production from exceeding the poundage allotments next season.

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NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION

VOLUME 2, NUMBER 20

February 16, 1935

FIRST CHECKS ON SALES OF POOLED CERTIFICATES

The first dividend checks to producers who have properly surrendered certificates to the national surplus cotton tax-exemption certificate pool have been mailed from Washington, the Agricultural Adjustment Administration announced. When mailing is completed, approximately 80 percent of the final total due producers, or \$11,600,000 will have been distributed. The checks represent a partial payment at the rate of 2 cents a pound, equivalent to \$10 a bale, on all certificates surrendered to the pool. They are going to some 400,000 producers in 17 of the 18 cotton-growing states who surrendered to the pool certificates representing a total of approximately 580,000,000 pounds, or the equivalent of approximately 1,210,000 bales. When a final audit of the pool sales is completed all money on hand, less operating expenses, will be distributed in a final dividend on a pro-rata basis to producers who surrendered certificates for sale through the pool. Each producer also will be returned his pro-rata share of any certificates not sold. These may be exchanged by the producer for 1935 tax-exemption certificates in excess of his regular allotment of such certificates after the Bankhead Act is declared effective for 1935. To date, \$14,962,273 has been received in Washington from sales of certificates. It is from this sum that the partial payment is now being made.

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CLING PEACH INCOME HIGHER

California growers of clingstone peaches used for canning have experienced a sixfold gain in income between the depression low of 1932 and the 1934 season, according to a survey of open market prices made by the Agricultural Adjustment Administration. In 1932, a season without any control program, growers received a total of \$906,000 from canners. In 1933, the first season under the marketing agreement and license, returns to growers totaled around 5 million dollars. In 1934, with the agreement and license in effect for the second year, the total return to growers was around 6 million dollars. The main provisions of the agreement and license called for limitation of the maximum total tonnage of cling peaches that might be canned. Had there been no marketing agreement and license, it is estimated that total return to growers would have been approximately 3 million dollars, or about one-half the amount actually received. Price changes to consumers have been slight in comparison to the gain in growers income. Data collected by the United States Bureau of Labor Statistics show that the average price of a No. 2½ can of peaches sold at retail for the United States as a whole was approximately 17 cents during the Fall months of 1933. During recent months consumers have paid on an average about 18.5 cents for a No. 2½ can of peaches, an increase of less than 10 percent.

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EXPECT LARGE SIGN-UP
IN CORN-HOG PROGRAM

Participation in the 1935 corn-hog adjustment program now is expected to be almost as extensive as it was in 1934 when more than one million corn-hog farms were placed under the contract, the corn-hog section of the Agricultural Adjustment Administration has indicated. With the application sign-up campaign yet in its preliminary stage in many areas, more than 200,000 applications for the 1935 contract have already been received by local corn-hog officials, according to telegraphic reports from extension directors and field workers in nearly a score of states. Most of the applications received thus far have come from Iowa, Missouri, Indiana, South Dakota, and Nebraska in the Midwest, and from Texas, Tennessee, Arkansas, Oklahoma and Alabama in the South. The sign-up campaign is expected to be under way in nearly all states within the next week. County and community educational meetings, which preceded the actual sign-up, and at which the farmers learn the essential facts relative to the 1935 program, are nearing completion.

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BEET ORDER DENIES
ALLOTMENT PETITION

The petition of the California Sugar Growers Association, seeking a marketing allotment for 1935 of 300,000 one-hundred-pound bags of refined sugar was denied by the Secretary of Agriculture in a formal order under the Agricultural Adjustment Act. The marketing allotment was sought by the association for sugar to be produced from sugar beets processed at a sugar beet factory at Hamilton City, Calif. The order denying the petition declared among other things that the Secretary found that the petitioner has not at any time manufactured or marketed beet sugar and that the plant which the association proposes to operate, has been in operation only during the years 1908 to 1913, 1918, and 1925, and the operation has not been successful nor profitable, and that the association has failed to show that it can or is now prepared to operate the plant.

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RECOMMEND COMPENSATORY
TAX ON SISAL KRAFT

Establishment of a compensatory tax of 22 cents per thousand yards of sisal kraft tape, one inch wide, to equalize the 4.2 cents per pound processing tax on cotton with some products of which this tape competes was jointly recommended to the Agricultural Adjustment Administration on February 14 by representatives of gummed cotton tape and sisal kraft tape manufacturers. The recommendations were taken under advisement. They were made at a hearing called by the Secretary of Agriculture to determine whether the processing taxes upon cotton is causing or will cause to the cotton processors disadvantages in competition from reinforced gummed paper tape by reason of excessive shifts in consumption between such commodities or products.

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ADJUSTMENT PAYMENTS
TO SUGAR PRODUCERS

Adjustment payments already mailed to United States farmers cooperating in sugar beet and sugarcane adjustment programs total \$1,667,490, the Agricultural Adjustment Administration announced. The payments were made in 9,036 checks. The checks, first installments on the 1934 adjustment payments, have gone to sugar beet farmers in seven states and to Louisiana sugarcane producers as follows: Colorado, \$203,078; Idaho, \$4,613; Kansas, \$59,018; Nebraska, \$143,029; South Dakota, \$14,479; Utah, \$384,706; Wyoming, \$181,905; and Louisiana, \$676,657.

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GROWERS CONSIDER
POTATO CONTROL BILL

Representatives of potato growers from 22 states met on February 13 with interested members of Congress to discuss a bill to control the quantity of potatoes

marketed, and struck out provisions for the sale of tax-exemption stamps to finance administration of the plan. As the draft of the proposed bill now stands, costs of administration would be met from an appropriation from the Treasury and from the proposed tax on sales of potatoes in excess of allotments. The meeting amended its first draft of the proposed control bill by changing from 1 to 2 percent the maximum tolerance to be allowed by the Secretary of Agriculture in adjustment of state allotments of tax-exempt sales quotas in accordance with the bill's definite provisions. The meeting voted in favor of fixing the national and state production allotments on the basis of production and sales records of any 3 of the years from 1927 to 1933, inclusive. A motion was carried that the method of fixing grower allotments within states be left to the Secretary of Agriculture. States from which growers voted in favor of the draft of the bill were Alabama, Idaho, Illinois, Kansas, Maine, Minnesota, New Jersey, North Carolina, Ohio, Virginia, and West Virginia. Representatives of Connecticut, Massachusetts and Pennsylvania voted against the bill. Michigan, New York and Nebraska representatives voted present. Florida and Louisiana went on record as not voting; and Maryland and California as absent. The purpose of the control measure was described as the limiting of the quantity that producers would sell. Under the terms of the proposed bill, quotas that could be sold tax-free would be established. Committees working in cooperation with the Secretary of Agriculture would break State quotas into allotments to individual producers. The State quotas would be based on the three highest acreages and the three highest yields per acre of any State selected from the years 1927 to 1933, inclusive. The years selected for yield need not be the same as selected for acreage. The average production figure obtained in this manner would be the base, for the adjustment program which has as its goal the parity price that obtained in the years 1919 to 1929, inclusive.

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CALIFORNIA RICE
AGREEMENT AMENDED

Amendments to the California rice marketing agreement which permit disposal of over-quota rice without disturbing the prices and marketing of quota rice

became effective February 13. A considerable amount of over-quota rice was produced this season in California because of unusually large yields, although the acreage was no larger than that of last year. Over-quota rice is re-defined in the amendments as rice which is in excess of a cooperating producer's quota and which has been purchased or toll-milled by a miller with the declared purpose of treating the rice as over-quota rice, and which is sold into non-routine markets, namely: to brewers, for feed, or for relief purposes. The amendments deal only with such surplus grown above their quotas by cooperating rice producers. They do not effect the status of quota rice grown by cooperators.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

VOLUME 2, NUMBER 21

February 23, 1935

PUERTO RICAN SUGAR PROGRAM APPROVED

A 2-year program for the adjustment of Puerto Rican sugar production has been set in motion with the approval, by the Secretary of Agriculture of a sugarcane production-adjustment contract for the island. The program is designed to add direct cash benefit payments of approximately \$11,000,000 to the purchasing power of producers, to balance sugar production with Island consumption requirements and the quota for United States consumption, and to eliminate the present Puerto Rican surplus. The current crop and the carryover in Puerto Rico are in excess of the marketing outlets of the Island, which are 779,000 tons, and requirements of 60,000 tons for insular consumption. Proration will be based upon the producers' past records of production. The contract will run with the land, but tenants as well as owners will share in the payments. Principal features of the current (1934-35) program are: (1) Reduction by approximately 263,000 tons of the production of sugar in this year's crop. (2) Payment of about \$8,900,000 to cooperating producers at the rate of \$4 a ton for surplus sugarcane from the 1934-35 crop. Approximately \$1,330,000 will be payable after contracts are signed and approved. The final payment on this crop will be made after close of the grinding season. (3) Each producer will be given a grinding allotment, which will be his pro rata share of the allotment to his respective mill area. Principal features for the 1935-36 crop are: (1) Reduction in the production of sugar to the 1936 quota. (2) Payments to cooperating producers, which shall be not less than 35 cents a ton of sugarcane making up the 1936 sugar production allotment of each farm. (3) A grinding allotment to each producer.

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AMEND MILK LICENSE FOR GREATER BOSTON

An amended license for the Greater Boston milk sales area, which increases prices to producers for Class 1 milk, has been completed by the Agricultural Adjustment Administration. The amended license became effective on February 24. Under it, until May 1, 1935, the established price of Class 1 milk to producers will be \$3.49 per 100 pounds, or about 7½ cents per quart, for milk testing 3.7 percent butterfat, an increase of 23 cents per hundredweight above the previous price. Adjustments in the Class price after May 1 will be made, if necessary, according to economic factors on the market. The New England Milk Producers Association sought the advanced prices because of higher feed prices, and a rapid upward trend in the butter market. Principal changes brought about are as follows: The addition of flavored milk to Class 1; additional exemption privilege for producer-distributors; inclusion of a provision to prevent cream dumping on the Boston market by outside distributors; a new clause authorizing the market administrator to announce pool prices in different terms used by cooperatives; and a provision to establish an advisory committee composed of producers and distributors.

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ADJUSTMENT PROGRAMS
SEEK TO OFFSET DROUGHT

The Agricultural Adjustment Administration is not considering abandonment of any program now in effect. The adjustment programs of 1934 were modified to offset, in so far as possible, the unbalanced conditions brought about by the unprecedented drought. All of the major programs for 1935 call for increases over 1934 farm production. It is expected these increases will gradually overcome the effects of drought. Even in the case of cotton, with a carryover still twice of normal, a substantial increase over last year's acreage is provided for in the 1935 contract. On the assumption of normal growing conditions, American farmers will produce in 1935 about 70 percent more grains than in 1934, about the same large volume of truck crops and fruits and vegetables, only 5 percent less poultry, and a similar percentage of decline from the high dairy production of 1934. Substantial reduction, however, will occur in the slaughter of meat animals. In the case of cattle and sheep, this expected reduction in slaughter will be due entirely to the recent heavy marketings forced on farmers by the drought feed shortage. In the case of hogs, the adjustment and corn loan program had the effect of bringing about a more orderly reduction of slaughter than would in any case have resulted from the drought.

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AGRICULTURAL PRICE
SITUATION OUTLINED

The rise in food costs since last summer largely reflects the shortages in crops and livestock production which were hardest hit by drought. Retail food costs, which in 1929, prior to the depression, were 150 percent of pre-war, declined to pre-war levels in 1933, averaged 109 percent of pre-war in 1934, and even after recent sharp advances in livestock products, are now only about 120 percent of pre-war, or 30 points below the 1929 average. The average prices received by farmers for the 14 basic commodities in January averaged 106 percent of pre-war level. Parity on these items would be 126 percent of pre-war. The January farm prices of these 14 items therefore were 20 points below parity. Farmers received benefit payments on a portion of their sales. Considering benefit payments as additional income, farmers received on the part of their crops consumed in this country, returns equivalent to 124 percent of pre-war prices, or 2 points less than parity. This figure covers the 14 items described by law as basic. On the seven of these items covered by adjustment programs, the farmers received in farm price plus benefit payments, 9 points above parity, but this margin over parity applies, not to their entire sales, but only to that share of their sales consumed in this country. Without benefit payments, farm prices are 20 points below parity now. With normal growing conditions, unless there are substantial increases in consumer buying power and industrial production in 1935, they could easily go several points lower this year. The combined impact of reduction of export surpluses, unprecedented drought, and dollar devaluation still leave farm prices 20 points below parity, wholesale prices of farm products 13 percent below their 1929 relation to industrial prices, retail food costs 20 points below the general level of the cost of living, and the farmers' standard of living, as measured by net income over operating expenses, 20 percent below their pre-war standard.

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START FOREIGN
MARKET SURVEY

The Secretary of Agriculture announced that a representative of the Department of Agriculture had been authorized to visit various European countries for the purpose of surveying the possibilities of improving the export situation of American agricultural commodities. The representative will sail from New York February 22 and upon his arrival abroad begin a general survey of financial and marketing conditions in foreign countries. It was emphasized that the mission has no relation to the stocks of cotton under Government control and that no effort was to be made to undertake the marketing abroad of any of the cotton held in the 1933 cotton producers' pool of which the representative is manager. The Secretary stated that there was no reason at this time for altering the present policy of marketing this cotton through the normal trade channels and that the representative would not negotiate with foreign consumers of cotton for the sale of any of the cotton under Government control. The purpose of the mission is to explore the possibilities of increasing American exports of agricultural commodities.

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RETURNS HIGHER UNDER
CANNED ASPARAGUS PACT

With a new marketing agreement in the process of development for asparagus canned in California, Agricultural Adjustment Administration officials are studying figures which show that grower income on open market sales for the 1934 season was substantially above similar income for the 1933 season, when no agreement was in effect. In 1933 the estimated gross return to growers for asparagus sold to canners on the open market was \$930,000. For the 1934 season it was \$1,900,000. The quantity of asparagus (white basis) delivered to canners in the 1933 season was 109,358,000 pounds. During the 1934 season 98,927,000 pounds were delivered. The proportion of the total asparagus sold on the open market and not by term contract increased from approximately 49 percent in 1933 to 64 percent in 1934. This fact, officials point out, was in no way caused by the agreement and license, but must be considered in making any accurate appraisal of the effects of the agreement. Had growers in 1933 sold on the open market 64 percent of the total asparagus delivered to canners instead of 49 percent, total open market returns would have been \$1,225,000, at the average price of 1.75 cents a pound prevailing that year. This figure can be compared significantly with the 1934 figure of approximately \$1,900,000 which resulted from the sale of fewer pounds at an average price of 3 cents a pound.

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CITRUS LICENSE
CLAUSE SUSPENDED

An order suspending until further notice Article V, Grading and Inspection, of the license for citrus fruits grown in Florida became effective February 22. Article V provides that all fruit shipped from Florida by licensees be graded and certified in accordance with standards fixed by the United States Department of Agriculture. It further provides that licensees utilize and pay the costs of the United States Inspection Service in connection with the license provision. Because of material reduction in the size of the crop through frost damage, the control committee considers it inadvisable for the remainder of the season either to prorate shipments of citrus fruit or to regulate the grades and sizes shipped. For this reason it is believed that inspection during the same period should be on a voluntary basis.

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CORN-HOG SIGN-UP
AT HALF-WAY MARK

More than 450,000 farmers have signed applications for the 1935 corn-hog adjustment contract, according to reports from extension directors in the major corn and hog growing states. The total number of applications reported by States to February 18, is as follows: Iowa, 100,000; Missouri, 50,000; Nebraska, 50,000; Kansas, 36,300; Illinois, 15,320; Indiana, 20,000; Ohio, 12,000; South Dakota, 25,000; Minnesota, 40,000 to 45,000; Oklahoma, 25,000; Texas, 20,000; Tennessee, 6,700; Kentucky, 7,000; North Carolina, 900; Arkansas, 8,000; Alabama, 500. Reports are not available for other States, but it is known that signing is under way in many of them. Reports indicate that the majority of signers will hold out of corn production nearer the maximum of 30 percent of the base (1932-1933 average) acreage than the new minimum of 10 percent allowed under the new contract. Some extension directors in the Corn Belt indicate that over 20 percent of the base acreage, or approximately as much land as in 1934, will be held out of corn this year.

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TO MOVE NORTH PACIFIC
WHEAT FOR DROUGHT FEED

A dual purpose plan designed to remove a regional surplus of wheat in the Pacific Northwest and to relieve feed shortage in four Northwestern States was inaugurated by the publication of emergency freight rates which cut by 25 percent normal rates on carloads of cracked soft white wheat in sacks, or on whole soft white wheat to be cracked and sacked in transit, moving from Idaho, Oregon, and Washington to drought counties in Montana, North Dakota, South Dakota, and Wyoming. The rates were filed by railroads in the Western territory, effective February 20, to make possible the interior movement of this additional feed. The reduced rates will expire April 30, 1935, except that when shipments are cracked in transit they expire May 10, 1935. Surplus of wheat in the Pacific Northwest is 7 to 10 million bushels. This would ordinarily move into export, but because of the unusually low level of export demand had not been absorbed. The Administration is developing the possibility for using the machinery existing under the North Pacific Export Association, through amendment of the present agreement, to facilitate movement by a differential payment to producers selling white wheat through the Association for feed in the drought areas. This payment would assist in moving the surplus by assuring drought feeders that the cost of such wheat, plus reduced freight, would be at such a level as would permit its use as feed. Through a differential payment of around 17 cents per bushel, and with the rates reduced to about 29.5 cents or less per bushel, feeders could obtain the wheat in line with cost of other feeds. Local distribution of cracked wheat will be handled under agreements by dealers to distribute on a service charge basis, to assure that differential payment and the freight reduction are fully reflected in the price to feeders. .

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ST. LOUIS MILK LICENSE
DEDUCTION INCREASED

An amendment to the existing license for the St. Louis milk sales area became effective February 22, 1935. The amendment changes the deduction by the market administrator for rendering market services to non-members of the cooperative association, from 3 cents to 4 cents per 100 pounds of milk.

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FLORIDA CELERY
PACT AMENDED

An amendment to the marketing agreement for the Florida celery industry, and an amended license for handlers of Florida celery which provide for the maintenance of equitable representation between shippers and growers, and direct representation by the Oviedo District on the control committee, became effective February 19. Election of one shipper-member and one grower-member by the shippers and growers respectively of the Oviedo District is made possible, thus changing the representation on the control committee from 14 to 16 members. If any shipper has lost his right to representation from any district by reason of a decrease in his shipments to less than the required 500 cars necessary to qualify for membership, all shippers from that district shall be entitled jointly to select an additional member to the control committee.

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SUGAR BEET PRODUCERS
INVITED TO CONFERENCE

Representatives of leading sugar beet producers' organizations attended a conference in Washington on Saturday, February 23. At this conference the procedure for making final adjustments in individual farm acreage allotments to sugar beet farmers for the 1935 crop was developed. Sugar beet production adjustment contracts have been signed by farmers in the principal producing areas and a tentative procedure for adjusting the allotments on the basis of these contracts had been developed. Before putting the procedure into actual operation, approval of actual sugar beet producers or their representatives was sought as in the earlier stages of the program. Leaders in the sugar beet growing industry attended from National Beet Growers' Association, Morrill, Neb.; St. Louis Beet Growers' Association, Breckenridge, Mich.; National Beet Growers' Association, Greeley, Colo.; National Beet Growers' Association, Billings, Mont.; Non-Stock Cooperative Beet Growers' Association, Blackfoot, Idaho; and the Utah Sugar Beet Association, Draper, Utah.

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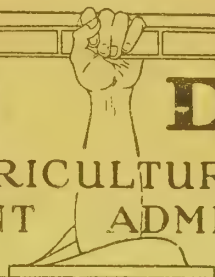
DISTRICT SUGAR-BEET
ALLOTMENTS FOR 1935

Acreage allotments of approximately 975,500 acres for 1935 for sugar-beet growing districts, from which farmers' acreage allotments for this year's crop will be made were announced this week. The acreage allotments announced furnish the basis upon which individual acreage allotments will be made to farmers who have signed sugar beet production adjustment contracts. Some districts may not plant the full acreage of their allotments, and unused portions of allotments are to be returned to a national reserve, which may be allotted to other districts. The decision of the Secretary of Agriculture on petitions filed asking for adjustments of the tentative allotments have been forwarded to the respective petitioners. The allotment to each factory district is 90 percent or more of the acreage planted in that district in 1933, the year of record high plantings for the country as a whole.

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NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION



VOLUME 2, NUMBER 22

March 2, 1935

KERR-SMITH TOBACCO ACT APPLIED TO 1935 CROPS

Acting on referenda which resulted in an overwhelming affirmative vote for continuance of the Kerr-Smith Tobacco Act, the Secretary of Agriculture signed a proclamation making the Act applicable for the 1935-36 crop year to practically all important types of domestic tobacco. The rate of the tax on the sale of tobacco produced in 1935 to which the Act is made applicable will be 33 1/3 percent of the price for which such tobacco is sold, instead of the 25 percent in effect for 1934-35. The proclamation extending the Act is effective at the beginning of the crop year, May 1, 1935, but as markets for some types of tobacco grown in 1934 will not close until after that date the Secretary signed a second proclamation leaving the tax rate at 25 percent for the period commencing May 1, 1935, and ending June 30, 1935. In this two-months period it will not be possible for any tobacco grown in 1935 to be marketed. The types of tobacco to which the Kerr-Smith Act will apply in 1935-36 crop year are as follows: Flue-cured tobacco, types 11, 12, 13, and 14; grown in Virginia, North Carolina, South Carolina, Georgia, and Florida. Fire-cured tobacco, types 21, 22, 23, and 24; grown in Virginia, Kentucky, and Tennessee. Burley tobacco, type 31; grown in Kentucky, Southern Ohio, and Indiana, West Virginia, Tennessee, Virginia, North Carolina, Missouri, and Arkansas. Dark air-cured tobacco, types 35, 36, and 37; grown in Kentucky, Tennessee, Virginia, and Indiana. Cigar binder and filler, types 41, 42, 43, 44, 51, 52, 53, 54, and 55; grown in Pennsylvania, Ohio, Indiana, Connecticut, Massachusetts, New York, Pennsylvania, Wisconsin, Illinois, and Minnesota.

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REGIONAL CONFERENCES TO CONSIDER PROGRAMS

The possibilities of formulating programs of research, integrated with the needs of the Agricultural Adjustment Administration, will be explored during the first two weeks in March at four regional conferences. Representatives of land grant colleges, and particularly those with research and extension responsibilities, have been invited by the Secretary of Agriculture to participate in the conference for each region. The conferences will be held at Ames, Iowa, March 4 and 5; Salt Lake City, Utah, March 7 and 8; Birmingham, Ala., March 11 and 12; and New York City, March 15 and 16.

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STATE BANKHEAD ALLOTMENTS ISSUED

All forms to be used in the 1935 cotton program under the Agricultural Adjustment Act have been sent to the field and within a fortnight the forms necessary for producers to apply for tax-exemption certificates under the Bankhead Act will be available. State allotments of the number of bales of cotton of the 1935-36 crop which may be marketed tax-free under the Bankhead Act have been announced. The total Bankhead Act allotment is 10,500,000 bales of 500 pounds lint net weight each, or the equivalent of 10,983,264 bales of 500 pounds gross weight each. Provisions of one-year contract to be offered producers who did not sign the original 1934-35 contract also have been made public.

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CIGAR TOBACCO GROWERS FAVOR KERR-SMITH ACT A preliminary tabulation of official returns from the referendum which was completed February 15 indicates that persons who own, rent, share-crop or control land customarily engaged in the production of domestic filler and binder types of cigar-leaf tobacco voted more than eight to one in favor of application of the Kerr-Smith Tobacco Act to those types of tobacco in 1935. The tabulation shows that 88.9 percent of the acreage for which votes were cast was voted in favor of application of the Act in 1935. Approximately 87.4 percent of the acreage eligible to be voted is included in the tabulation. The Wisconsin-Minnesota district cast the heaviest vote. In this district persons having control of 95.4 percent of the land customarily engaged in production of cigar-leaf tobacco, upon which votes were cast, voted in favor of application of the Act in 1935. The tabulation includes 84.1 percent of the acreage eligible to be voted in this district. For the New England district, 94.7 percent of the acreage voted was in favor of application of the Act. Approximately 89.2 percent of the acreage eligible to be voted in this district is covered in the tabulation. The tabulation shows that 85.0 percent of the acreage voted for the Miami Valley types of tobacco and 79.7 percent of the acreage voted for the Pennsylvania-New York district was in favor of application of the Act. The tabulation includes 83.7 percent of the total Miami Valley acreage, located in Ohio and Indiana; and 91.6 percent of the total Pennsylvania-New York acreage.

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CLOSING DATE SET FOR SEED CORN OPTIONS March 15 has been set as the closing date for acceptance of applications from producers in Iowa, Nebraska, Kansas, South Dakota, Missouri, and Minnesota for optional purchase of seed corn by the Agricultural Adjustment Administration in its program to conserve seed supplies. Under the plan which was inaugurated last fall, producers in these states with seed quality corn under seal as security for 55-cents per bushel corn loans functioned through the Commodity Credit Corporation have been eligible to place such corn under option contract for sale to the Administration at \$1.25 per bushel. Farmers with whom options are negotiated receive an advance option payment of 20 cents per bushel. Latest reports indicate that a total of 157,411 bushels have been placed under option in three states, as follows: Kansas, 55,179 bushels; Missouri, 95,103 bushels; and Iowa, 7,129 bushels. Adverse weather has delayed inspection of cribs in other states.

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REVISE REGULATIONS ON SUPERVISION MARKET PACTS Revision of Administrative Order No. 1, concerning appointment or election of supervisory bodies under marketing agreements and licenses, has been approved by the Secretary of Agriculture. Under the revised order, appointments to supervisory bodies required under the marketing agreements shall be in writing, and signed by the person or persons with appointive authority. When members of the supervisory bodies are chosen by election rather than by appointment, elections shall be arranged by representatives of the Agricultural Adjustment Administration and members of the group or industry to which the agreement applies. Should a protest be registered against any election or appointment, the Secretary of Agriculture is empowered, if he sustains the protest, to direct reelection or reappointment. The Secretary also approved Administrative Order No. 8 by which control committees or similar supervisory bodies under marketing agreements are required to keep a permanent file of their official acts, including minutes of meetings, and to supply five certified copies of each such document to the Agricultural Adjustment Administration.

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SPECIAL BASE CONTRACT
FOR TOBACCO GROWERS

The Agricultural Adjustment Administration announced that it is offering a special base contract for 1935 to producers of flue-cured, Burley, fire-cured and dark air-cured tobacco who, because of circumstances beyond their control, such as weather, disease and financial distress, did not grow enough tobacco in 1931, 1932 or 1933 to enable them to obtain equitable production allotments under the regular tobacco production adjustment contracts. The new contract is specifically designed to make the tobacco program more equitable to all classes of growers. Producers who sign the contract will be eligible to receive tax-payment warrants to cover the production allotments for their contracts. These warrants may be used to pay the tax levied by the Kerr-Smith Tobacco Act. In addition to tax-payment warrants to cover sales up to their production allotments, these producers will receive a benefit payment at the rate of \$6 an acre for each acre of difference between the tobacco acreage allotment and their base tobacco acreage.

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SMALL TOBACCO GROWERS
MAY PLANT BASE ACREAGE

An administrative ruling permits a producer under a Burley, fire-cured or dark air-cured tobacco production adjustment contract whose base acreage is 1.2 acres or less to plant in 1935 an acreage of tobacco equal to (a) the base tobacco acreage, or (b) eight-tenths of an acre, whichever is smaller; and to market from his 1935 crop a number of pounds of tobacco equal to (a) his base production, or (b) 650 pounds, whichever is smaller; provided that the producer shall agree that no rental adjustment, or deficiency payment shall be made under the contract for 1935. The limitation of eight-tenths of an acre and 650 pounds was added in order to assure that producers who can qualify under this ruling will not receive larger allotments than the producers who cannot qualify. Adjustments in flue-cured tobacco contracts for 1935, including a provision which in effect permits a contracting producer with a base acreage of 3.2 acres or less to plant his base acreage, or 3 acres, whichever is smaller, provided he agrees that no payments shall be made under his contract for 1935, are permitted under another administrative ruling. This ruling also provides for upward adjustments in the base acreage and production for contracts which are determined to have an abnormally low base, and for downward adjustments for contracts in which the acreage or production figures have been found since acceptance to be higher than the correct figures. Persons in close touch with the flue-cured tobacco program believe that the planting of the base tobacco acreage will result in more efficient utilization of labor and equipment by growers whose base is 3.2 acres or less. These small growers usually handle their crop with labor in the family, and most of the farms are equipped for production of an acreage of tobacco equal to or in some cases larger than the base acreage.

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ASPARAGUS AGREEMENT
TENTATIVELY APPROVED

A marketing agreement for fresh asparagus grown in the state of California has been tentatively approved by the Secretary of Agriculture and has been sent to members of the industry for signature. The agreement seeks to increase returns to growers by regulation of supply in line with demand through the principle of proration. Alternate methods are provided. One method provides for proration on a volume basis, while the other method provides for proration based on acreage.

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WILL ADJUST BEET
ACREAGE DIFFERENCES

Production control committees and representatives of the sugar section of the Agricultural Adjustment Administration will cooperate with representatives of sugar beet processors in adjusting any differences regarding acreage which may arise during the sign-up campaign for beet acreage for the 1935 crop. If a producer does not receive a beet-purchase contract for acreage at least equal to his allotment, he may bring his case to the attention of the production control committee of his factory district, and it will be investigated to determine whether there is a sound basis for requesting a purchase contract covering acreage equal to the producer's allotment. If such consideration indicates that a producer is able to grow beets in 1935 to the extent of his allotment, and that his situation warrants the offer of a purchase contract, the matter will be presented to the processor involved for further consideration. The determination of the acreage allotment for each producer, based upon his past production record, will be made by the Secretary of Agriculture. Allotments will be open to inspection by producers at the office of each county agent in charge of a factory district, and the list will be made available to processors as necessary information upon which to base their offers of purchase contracts to growers.

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NEW REGULATIONS ON
SUGAR PROCESSING TAX

New tax regulations of the Department of Agriculture with respect to sugar became effective March 1. The new regulations, designated Sugar Regulations, Series 1, No. 1, combine all previous sugar processing tax regulations in one document and at the same time make certain revisions. One of the revisions exempts from tax the processing of sugarcane into muscovado sugar when such muscovado sugar is sold for direct consumption. Muscovado is a low grade sugar produced almost exclusively in the Philippine Islands. Another revision permits the use of the polariscopic test for sugars polarizing as low as 92 degrees, in order to determine the raw value of the sugar. Heretofore all sugars testing less than 96 degrees by the polariscope were translated into raw value by determining the total sugar content. The table of conversion factors has been revised so as to give a fixed conversion factor of 7.56 pounds of sugar raw value per gallon of sirup of cane juice, and a conversion factor of 7.36 pounds of sugar raw value per gallon of edible molasses. These conversion factors may now be applied to determine the taxable sugar content per gallon of these articles without requiring the taxpayer to determine the actual sugar content in each instance. The definition of refiners' sirup has been eliminated from the regulations and a definition has been given for refiners' blackstrap. Another revision has the effect of requiring the computation of the tax upon the amount of sugar which, it is established, went into the manufacture of an article partly derived from the processing of sugar beets, sugarcane or any product or by-product thereof.

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PUERTO RICAN SUGAR
ALLOTMENTS TO MILLS

Allotments of 779,420 short tons of Puerto Rican sugar to be marketed in the United States during 1935 have been made to 34 processors in Puerto Rico by the Secretary of Agriculture. The marketing allotments, made under the provisions of the Jones-Costigan Amendment to the Agricultural Adjustment Act, are contained in Puerto Rico Sugar Order No. 2. The quota establishing the amount of sugar which may be admitted from Puerto Rico to the United States during 1935 was announced on January 5 as 783,959 short tons. Overshipments of 4,539 short tons during 1934 brought the net amount to be admitted from Puerto Rico in 1935 to 779,420 short tons, the quantity covered by allotments. The marketing allotments include 100,000 short tons of surplus sugars, in addition to processing allotments of 679,420 short tons. The order allots the quota to the different mills in the Island. These mill allotments, in turn, will be broken down into allotments to individual producers.

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MILK PRICE INCREASED An increase in the price distributors must pay producers in Quad Cities License for Class 1 milk testing 3.5 percent butterfat, from \$1.70 per 100 pounds to \$1.90 per 100 pounds, f.o.b. the sales area, together with changes in certain provisions relating to producer-distributors, and a slight alteration in the method of reckoning the differential allowed for milk testing above or below 3.5 percent, are provided in an amended license for the Quad Cities area of Rock Island, Davenport, Moline and East Moline. The amended license became effective February 26.

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AMENDED MILK LICENSE FOR LOS ANGELES AREA An amended license for the Los Angeles, Calif., milk sales area became effective February 28. The principal points in the amended license are as follows: Adjustment of classifications of milk to meet practical needs of the market; a slight reduction in the Class 1 price from 67 cents to 62 cents per pound of butterfat, which will not greatly reduce the total income by reason of the new classification adjustments and the strong butter market; a slight reduction in the sales area; and exclusion from the definition of distributors all those producers who bottle milk for distributors on their own farms without themselves operating routes.

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BALTIMORE MILK LICENSE CANCELLED The license for the Baltimore milk sales area was terminated by the Agricultural Adjustment Administration in an order which became effective February 26. The license virtually became inoperative after the adverse decision rendered on November 16, 1934, by the United States District Court for the District of Maryland, in a suit brought by Royal Farms Dairy to contest the jurisdiction of the Federal Government.

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INDIANAPOLIS MILK LICENSE TERMINATED The license for the Indianapolis milk sales area was terminated by the Agricultural Adjustment Administration in an order which became effective February 28. Cancellation of the Indianapolis license was recommended to the Secretary of Agriculture on the grounds that the license had been inoperative for several months because of almost universal non-compliance with its terms and provisions, following an adverse decision by the District Federal Court.

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SAVANNAH MILK LICENSE AMENDED At the request of the Better Milk Cooperative League, representing producer-distributors and wholesale producers for Savannah, Ga., the license for that area has been amended, effective March 1. It provides a delivery period of one month instead of semi-monthly; permission for the market administrator to increase the percentage of established base which may be considered as delivered base milk for producers up to 120 percent to meet emergency shortages; the exemption of sales of bulk milk by producer-distributors to other producer-distributors from the Class 3 price provision; permission for producer-distributors to sell cream to other distributors without being subject to the Class 3 accounting requirement; and the addition to the license of the standard 90-day clause providing for payment of the Class 3 price for that term to new producers entering the market.

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NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION



VOLUME 2, NUMBER 23

March 9, 1935

IOWA TAKES LEAD IN CORN-HOG SIGN-UP

Approximately 675,000 farmers have signed applications for 1935 corn-hog adjustment contracts, according to an estimate made from reports of state extension directors in a dozen of the major corn and hog producing states. April 1 has been set as the deadline for acceptance of corn-hog applications by county allotment committees. Particular counties or states, however, may close their sign-up campaign earlier if such action meets with the approval of the corn-hog section. Iowa leads in the campaign with more than 125,000 applications signed -- nearly one-sixth of those reported to date. Missouri follows with 70,000 of its farmers included in the sign-up. Other leading corn-hog states report applications signed as follows: Illinois and Nebraska, 65,000 each; Indiana and Kansas, 50,000 each; South Dakota, 37,000; and Texas and Oklahoma about 30,000 each. With the closing date in the sign-up campaign only about three weeks away, Agricultural Adjustment Administration officials say that the total number of contracts signed this year may be slightly less than in 1934 when more than 1,155,000 contracts were signed. Under the 1935 program, a single contract may cover several tracts of land owned by different landlords; while last year a contract could not cover more than two separately-owned tracts. In some states many farmers who did not participate in the 1934 corn-hog program are applying for contracts this year. Nebraska reports more than 5,000 new signers. South Dakota, Texas, Tennessee, Kentucky and Oklahoma are other states listing new applicants in their sign-up totals.

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PROGRAM EXPENDITURES SHOWN IN REPORT

The regular monthly report of expenditures issued by the Comptroller of the Agricultural Adjustment Administration, gives a detailed analysis of gross expenditures of \$822,128,427, cumulative from date of organization, May 12, 1933, to February 1, 1935. This regular report lists by commodity, state and county, rental and benefit payments amounting to \$585,921,943; expenditure of \$196,-882,387 in connection with removal of surplus operations; and administrative expenses of \$39,324,096. It does not list disbursements in connection with cotton options, the cotton option pool or the Bankhead certificate pool. By commodity adjustment programs, the cumulative total of \$585,921,943 has been distributed as follows, according to the report: cotton, \$215,630,075; wheat, \$153,228,799; tobacco, \$21,365,735; corn-hogs, \$195,641,229; and sugar, \$56,-103. Also reported are surplus removal purchases and operations, as follows: hogs, \$46,078,759; wheat, (export operations) \$6,097,239; butter and cheese, \$16,006,962; cattle, \$105,150,776; sheep and goats, \$7,123,890; seed conservation, \$15,736,774; sugar, \$355,775; and peanuts, \$332,209. Cumulative returns from processing and related taxes had reached a total of \$692,878,537 up to February 1, as of the same date of the Comptrollers report. By commodity on which collected, the cumulative receipts were as follows: wheat, \$192,-262,806; cotton, \$202,843,528; tobacco, \$38,867,539; field corn, \$8,692,124; hogs, \$198,063,185; paper and jute, \$11,517,850; sugarcane and sugar beets, \$38,403,921; peanuts, \$884,290; and unclassified, \$1,343,290.

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HEARING CALLED TO AMEND
NORTHWEST WHEAT PACT

As a step toward making surplus wheat in the Pacific Northwest available for livestock feeding purposes in other regions of the United States, a public hearing has been called on an amended marketing agreement for the disposal of surplus North Pacific wheat. The hearing will be held March 12, at the Hotel Multnomah in Portland, Oregon. Under the proposed amended agreement it would be possible for members of the North Pacific Emergency Export Association to use the machinery of the export association for moving surplus wheat from Washington, Oregon, and Idaho to other points in the United States. Under the present agreement, the association can only export wheat. A reduction of 25 percent on the freight rate of cracked soft white wheat, or soft white wheat to be cracked in transit, was announced recently by railroads in the western territory, effective February 20. This reduced rate applies only to wheat to be moved to North Dakota, South Dakota, Wyoming, and designated counties in Montana, by the North Pacific agency acting under an agreement with the Department of Agriculture. Removal of the surplus under the proposed program is expected to prevent prices of wheat in the Pacific Northwest from declining to the lower levels which, under present world market conditions, would be effective if the surplus were to be exported through normal channels. It is estimated that from 5 to 10 million bushels of surplus wheat may be moved from the Pacific Northwest under the proposed program. Since feed prices in the drought areas are not high enough to permit the commercial shipment of feed wheat from the Northwest, members of the association will sustain a loss on wheat sold for feeding purposes. Under the proposed plan, the Agricultural Adjustment Administration would reimburse the members for such losses as they sustain, within the limits of contracts entered into between the Secretary of Agriculture and the members of the association.

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SUGAR BEET LABOR
HEARINGS CALLED

Four public hearings in connection with 1935 wages for sugar-beet field labor in several western sugar-beet areas, have been scheduled beginning March 11, the Agricultural Adjustment Administration announced. The hearings are to be held in the cities and on the dates that follow: Pueblo, Colorado, March 11; Denver, Colo., March 14; Scottsbluff, Neb., March 18; and Billings, Mont., March 22. At each hearing interested parties will be given opportunity to be heard regarding wages to be paid for beet work in their respective districts during the 1935 season, and also regarding the time and method of payment.

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CUBAN RE-EXPORT SUGAR
NOT CHARGEABLE TO QUOTA

The Agricultural Adjustment Administration announced that during 1935 Cuban sugars brought in under General Sugar Order No.1 under bond, intended for re-export as refined sugar, will not be counted against the quota for consumption in continental United States in accordance with the provisions of the Jones-Costigan Act, if such sugar, or its refined equivalent, is exported within the time limit fixed in the bond.

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ENTRIES OF SUGAR
AGAINST QUOTAS

The quantity of sugar entered for consumption in the United States during January and February from Cuba, the Philippines, Puerto Rico, the Virgin Islands, and Hawaii totalled 986,439 short tons raw value, and has been charged against the 1935 quotas for those areas. The report shows that the quantity entered represented 22.1 percent of the total of 4,454,019 tons admissible from those areas in 1935. In addition, the report shows sugar receipts from all foreign countries.

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DROP STORAGE CHARGES
FROM SALE PRICE OF SEEDS

Stocks of adapted seed conserved by the Agricultural Adjustment Administration to relieve the seed deficiency in the drought areas, will be sold to farmers at flat prices previously announced, but without the addition of storage charges. In December it was stated that such seed supplies would be sold at flat prices, based on actual cost of the seed as grain, cost of handling, and cleaning, plus storage. However, because of economies effected in freight and administrative costs, the regulation regarding storage charges has been rescinded, with the approval of the Secretary of Agriculture. As a result of this action, the sale price of the seed to farmers, at point of delivery, will be as follows: Spring wheat, Marquis and Ceres varieties, \$1.35 per bushel; durum wheat, all varieties, \$1.60 per bushel; malting barley, all varieties, \$1.35 per bushel; feed barley, Trebi variety, \$1.10 per bushel; feed barley, West Coast types, \$1.20 per bushel; oats, white and yellow, early and mid-season varieties, 75 cents a bushel; oats, red, 80 cents per bushel; flax, \$2.25 per bushel. More than 2,000 local elevators and seed houses have been approved by county drought committees and placed under bond to act as agents of the Administration in distributing to farmers the Government-held seed on a service charge basis. More than 19 million bushels of seed-grain are available for distribution.

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SECRETARY ISSUES ORDER
ON NAVAL STORES SALES

The Secretary of Agriculture has signed an order requiring that all crude gum, cleaned gum, gum turpentine, and gum rosin delivered for sale in Jacksonville, Fla., or Savannah, Ga., be disposed of only by sale over the Jacksonville Chamber of Commerce or the Savannah Board of Trade. This action was taken under a provision of the amended license for gum turpentine and gum rosin processors, which provides that the control committee of the industry shall take such a step when directed by the Secretary of Agriculture. The Secretary stated in his order that he has found that sales only over the Jacksonville Chamber of Commerce or the Savannah Board of Trade will tend to improve marketing conditions and practices in the turpentine and rosin industry. Heretofore, sales of these products have been at prices based on quotations from the two agencies named although a relatively small number of sales actually took place through these agencies, and the quotations were nominal ones. It is believed that by requiring the sales to be made through the agencies by which the quotations are issued, the actual factors affecting prices will operate.

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HEARING ON DECIDUOUS
FRUITS AGREEMENT

Limitation of shipments by means of proration, regulation of grades and sizes shipped, and control of day-to-day movement are among the provisions of a proposed amended marketing agreement for growers and shippers of California fresh deciduous tree fruits, except apples, on which a public hearing will be held at the Hotel Senator in Sacramento, Calif., on March 12. The agreement would apply to winter pears, Bartlett pears, peaches, plums, apricots, and cherries.

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PROCESSORS TO REPORT Sugar beet processors have been requested by the sugar
BEET ACREAGE SIGNED section of the Agricultural Adjustment Administration
to report by March 10 the acreages contracted to that
date for the 1935 sugar-beet crop in each factory district. After these reports
have been filed with county agents in the various factory districts, the total
acreages contracted for on that date will be compared with the acreage allotment
for that district. If the acreage allotment has not been filled by that time,
processors during the following 15 days may contract for additional acreage.

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SUGAR BEET ALLOTMENTS An allotment of 75,401 acres to sugar beet growers
FOR MICHIGAN DISTRICTS served by the Michigan Sugar Co., was announced by the
sugar section of the Agricultural Adjustment Administra-
tion. This acreage will be available for planting to sugar beets in 1935. It
was also announced that the application of the Toledo Sugar Beet Growers for an
acreage allotment for themselves and a marketing allotment for the Toledo Sugar
Co., Toledo, Ohio, was not approved. The allotment for growers served by the
Michigan Sugar Co., was made after a public hearing at East Lansing, Mich.,
February 14. The Secretary of Agriculture advised the Michigan Sugar Co., that
the total acreage allotment for growers whom it serves, would not be subdivided
among its various factory districts, but that this total allotment would be availble
for allocation among all growers served by the company regardless of the factory
districts in which they operate. The allotment procedure was adopted with the
understanding that the Michigan Sugar Co., would offer sugar beet purchase contracts
to all producers served by it, covering acreage at least equal to the allotment of
each producer. If producers who receive acreage allotments do not enter into pur-
chase contracts for the full amount of their allotments, the unused allotments may
be made available for other growers in the districts served by the company.

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ADMINISTRATIVE SUGAR Three administrative rulings under the Philippine sugar-
RULINGS ANNOUNCED cane production-adjustment contract, that provide for
joint compliance by two or three contracting farmers, the
use of sugar land for the production of tobacco, and the sale of excess sugar-
cane as such for direct consumption purposes, have been approved by the Secre-
tary of Agriculture. Under administrative ruling No. 1, two or more farmers
in the same mill district may sign a single-unit joint compliance agreement and
pool their production and sales of sugarcane within the total of their allotment
upon any land controlled by them. Administrative ruling No. 2 permits Philippine
sugarcane growers to raise tobacco on land taken out of sugar production, but
provides that none of the tobacco so grown may enter the United States or its
territories or possessions other than the Philippine Islands. Administrative
ruling No. 3, permits planters to sell excess sugarcane in the Islands for use
in that area, for direct consumption in the form of sugarcane. The sugarcane
so sold is unimportant in relation to the total of excess sugarcane according to
sugar section officials. The Secretary of Agriculture also approved an adminic-
trative ruling under the Puerto Rican sugarcane production adjustment contract,
which makes possible the utilization of the surplus sugarcane in Puerto Rico in
1935 for conversion into molasses.

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NEW ENGLAND MILK
LICENSES AMENDED

Amendments to milk licenses for the sales areas of New Bedford and Fall River, Mass., and Providence and Newport, R.I. which authorize a check-off of 3 cents per 100 pounds of milk

for administrative purposes instead of 2 cents as before, will become effective March 16. The advance was requested by the respective associations of producers because settlements with producers are made twice a month, instead of once a month as in some other markets. The licenses carry the usual provision that the market administrator may waive part or all of the deduction if and when the condition of the accounts permits him to do so, and prorate the balance to the producer.

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ST. LOUIS MILK
LICENSE AMENDED

Redefinition of Class 1 milk to facilitate more accurate reports, an increase in the Class 1 price to producers for 3.5 percent milk from \$2 to \$2.25 per hundredweight f.o.b. the city, and a change from the market-wide equalization pool for all distributors to a series of individual distributor pools supervised by the market administrator, are the chief points in an amended license for the St. Louis milk sales area which went into effect on March 4.

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CHICAGO MILK
LICENSE TERMINATED

The Chicago milk license was terminated by the Secretary of Agriculture March 2. The decision to terminate the Chicago milk license was reached because the Pure Milk Association, on February 28, stated that the association had completed contractual relationship with distributors in the sales area and reached full agreement with them, and asked immediate suspension of the license. It is understood that obligations arising under the license are not affected by its termination unless otherwise expressly provided. To that end the Agricultural Adjustment Administration will make necessary arrangements to conclude the pool and settle outstanding obligations which are due to producers under the license.

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PORT HURON MILK
LICENSE TERMINATED

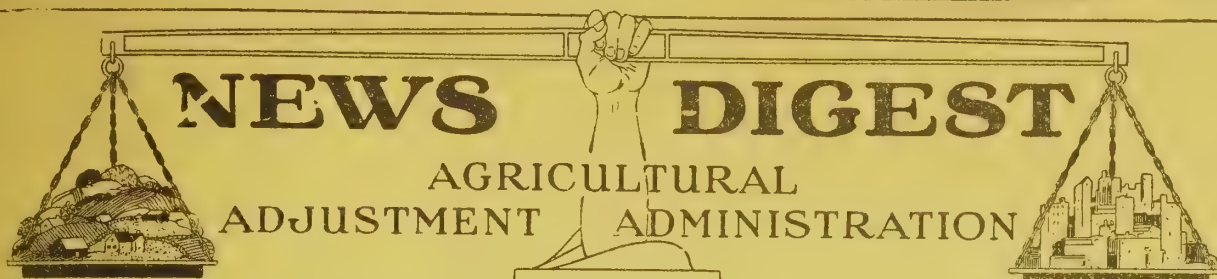
Termination of the milk license for Port Huron, Mich., was announced by the Agricultural Adjustment Administration, effective as of March 2. Requests to cancel the license came from the Michigan Milk Producers Association, the original sponsor. Termination was recommended to the Secretary of Agriculture because the license has never been fully effective in this market, and the Adjustment Administration saw no reason why it should not be terminated.

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OKLAHOMA CITY MILK
LICENSE TERMINATED

Termination of the milk license for Oklahoma City, Okla., to be effective on March 15 was announced by the Agricultural Adjustment Administration. This license was put into effect on June 16, 1934, at the request of the O.K. Cooperative Milk Producers Association, following a public hearing. On July 2, 1934, a restraining order was issued in District Federal Court upon request of agencies on the market. On October 17, 1934, a temporary injunction was issued to restrain enforcement of the license on the ground that it was an unwarranted regulation of intrastate business by Federal authority. The early restraining order prevented the license from becoming operative, and it has never since been in operation on the market.

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VOLUME 2, NUMBER 24

March 16, 1935

HEARINGS ON QUALITY BUTTER AGREEMENT

Purchase of cream on a graded basis, and corresponding grade labeling of butter sold at retail, are the underlying points in a quality improvement program sought in a proposed butter marketing agreement for 11 west coast and mountain states, scheduled for a series of seven public hearings by the Agricultural Adjustment Administration. The proposed marketing agreement was drafted as a result of several requests for a regional butter agreement on the part of the industry, and it has been the subject of a series of conferences held by dairy section representatives in this region, which produced 225,600,000 pounds of creamery butter in 1933. The hearings are scheduled as follows: Missoula, Mont., March 25; Seattle, Wash., March 27; Portland, Ore., March 29; San Francisco, Calif., April 1; Los Angeles, Calif., April 4; Salt Lake City, Utah, April 8; and Denver, Col., April 11. The proposed marketing agreement, as submitted, does not attempt to fix the price of butter or control its production. It is designed as a voluntary agreement on the part of the industry and will not interfere with existing channels of trade or prevent prices from responding to supply and demand conditions. If accepted by the industry and made effective, this butter marketing agreement would be the third one instituted by the Agricultural Adjustment Administration in support of manufactured dairy products. The other two are for evaporated milk and dry skim milk.

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BEGIN FINAL PAYMENTS ON 1934 CORN-HOG CONTRACTS

Disbursement of the third and final installment of benefit payments due under the 1934 corn-hog contracts began this week with the distribution of 11,957 checks to farmers who participated in the 1934 production adjustment program. A total of \$905,810.22 was distributed in this first block of checks sent out. The balance of the final payment of approximately 80 million dollars, representing the last two-fifths of the total hog adjustment payment, will be distributed as rapidly as possible.

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3/4 MILLION FARMERS REQUEST CORN-HOG CONTRACTS

More than 750,000 farmers have applied for 1935 corn-hog contracts, the Agricultural Adjustment Administration announced. Iowa is leading in the sign-up campaign with approximately 127,500 applicants. Illinois is next with 80,000, and Missouri and Nebraska follow, each reporting about 75,000 signers. Indiana, Minnesota and Kansas report nearly 55,000 each; South Dakota, approximately 42,000; Texas and Oklahoma, about 32,000 each; Kentucky, 22,500 and Tennessee, 15,000. Texas is the first state to report a sign-up equal to the total number of contracts signed in 1934. Of the score of states reporting, Nebraska is leading in the total number of new signers. Nearly 7,000 of the applicants in that state did not take part in the 1934 corn-hog program. Missouri, Oklahoma and Texas each report 3,000 new signers; Illinois, about 2,500; Kentucky, 2,000, and Indiana and Tennessee, 1,500 each.

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TEXAS-MISSISSIPPI
TOMATO AGREEMENT

A marketing agreement for tomatoes grown in East Texas and Mississippi has been tentatively approved and is being submitted to shippers for their signatures. The agreement is intended to improve returns to growers by requiring all shipments to be graded according to United States standards, and to be inspected and certified by the Federal-State Inspection Service. The agreement also provides for withholding inferior grades and sizes whenever such action is necessary to improve returns to growers. Any grower whose crop consists largely of the prohibited grades and sizes may, upon application, be allowed certain exemptions from such requirements. If at any time grade and size limitations prove insufficient to regulate market supply a shipping holiday may also be required. Under this provision all shipments may be withheld for a period not exceeding 48 hours and 5 days must elapse before another holiday can be ordered. All foreign shipments are exempted from any size regulation. A control committee would administer the agreements.

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MARKETING AGREEMENT
FOR RIO GRANDE TOMATOES

A marketing agreement for tomatoes grown in the Lower Rio Grande Valley district of Texas has been tentatively approved by the Secretary of Agriculture and is being sent to the industry for signature. The agreement is intended to improve returns to growers by requiring all shipments to be graded according to United States standards, and to be inspected and certified by the Federal-State Inspection Service. The agreement also provides for withholding inferior grades and sizes when in the judgment of the control committee such action is necessary to improve returns to growers. The authority to limit shipments is subject to the approval of the Secretary of Agriculture, to be given prior to the shipping season. Any grower whose crop consists largely of the prohibited grades and sizes may, upon application, be allowed certain exemptions from such requirements.

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NEW ORLEANS MILK
LICENSE TERMINATED

An order terminating the milk license for the New Orleans, La., milk sales area will become effective March 14. The license was suspended from operation on April 14, 1934, and since that date there has been no official activity in connection with its operation. In view of the long period in which the license has been inoperative, the Agricultural Adjustment Administration finds no reason for its continuance.

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PAPER SHELL PECAN
AGREEMENT IN EFFECT

A marketing agreement designed to improve returns to growers of paper shell pecans became effective March 13 and will expire September 30 unless amended. The agreement includes provisions for minimum prices to producers, compulsory grading of pecans destined for distribution, and the collection of basic statistics by the agreement control board. The agreement applies only to the 1934 crop, most of which has moved to market. The primary reason for putting it into operation at this time is to give the control board an opportunity to organize as an official body, so that it can compile necessary statistical data on the industry and prepare an amended agreement which will apply to the 1935 crop.

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DEFICIENCY PAYMENTS
ON BEET CROP LIMITED

The deficiency payments which the Agricultural Adjustment Administration sugar beet production-adjustment contract provides may be made to cooperating sugar beet producers in 1935 because of necessary acreage abandonment, will be made only in cases where bona fide abandonment takes place after a crop has been planted and cultivated in the usual manner. Abandonment will be considered "bona fide" only when the acreage abandoned has been planted under conditions from which a normal crop could be expected, and when all usual cultural operations have been performed up to the time of abandonment, and when the causes making the abandonment necessary have developed after the crop is planted. The sugar beet production-adjustment contract provides that if a producer must abandon acreage because of natural causes beyond his control, and if such condition is general in the community, he may receive deficiency payments of \$1 a ton on the estimated production of the acreage abandoned, within certain specified limits.

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AMEND NAVAL STORES
DISTRIBUTORS LICENSE

An amended license for distributors of crude gum, cleaned gum, gum turpentine and gum rosin will become effective March 17. It differs in only one respect from the license it will replace. The provision for the use of tags on all packages of naval stores handled by distributors has been changed. Under the old license the processors' control committee for the industry issued tags representing total quantity denominations equivalent to the contents of each package. The processors' license was recently amended to provide that one such tag be attached to the package and a duplicate passed along with it from processor to factor and from factor to dealer. The distributors' license as amended provides that the distributor exchange each duplicate tag for a distributor's tag and require that the distributor use a distributor's tag in shipping or marketing any package.

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OKLAHOMA CITY MILK
LICENSE TERMINATED

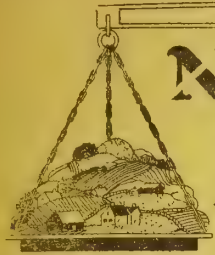
Termination of the milk license for Oklahoma City, Okla. became effective March 15. The license was put into effect June 16, 1934, at the request of the O. K. Cooperative Milk Producers Association, following a public hearing. On July 2, a restraining order was issued in District Federal Court upon request of agencies on the market. On October 17, a temporary injunction was granted to restrain enforcement of the license on the ground that it was an unwarranted regulation of intrastate business by Federal authority. The early restraining order prevented the license from becoming operative, and it has never since been in operation on the market.

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CANNING ASPARAGUS PACT
TENTATIVELY APPROVED

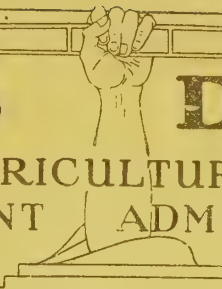
A marketing agreement for canning asparagus grown in the state of California has been tentatively approved and is being sent to the industry for signatures. It provides for correlation with the agreement for fresh asparagus, which received tentative approval February 23. It also would provide for the opening of the canning period, March 26 instead of April 1, which was the opening date last year. With these two exceptions the agreement is similar to the license which was in successful operation last year.

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NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION



VOLUME 2, NUMBER 25

March 23, 1935

LOUISIANA FIRST SUGAR PAYMENT NEARLY COMPLETED

Approximately 90 percent of the first 1934 adjustment payment has now been made to cooperating producers in the Louisiana sugarcane program. These payments totalled \$2,385,990 as of March 18. Settlement of outstanding wage claims of laborers in connection with the production of the 1934 crop of sugarcane will be required as part of the necessary compliance with the Louisiana sugarcane production adjustment contract before the final 1934 and first 1935 adjustment payments can be made to producers. The adjustment contract signed by producers provides for payment of such wage claims before final payments are made.

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FUNDS ALLOTTED FOR HAWAIIAN SOIL SURVEY

Allotment of \$7,500 of Hawaiian sugar processing tax funds for the purpose of initiating a soil survey in the Territory of Hawaii has been made in an order which has been signed by the Secretary of Agriculture and approved by the President. The purpose of the survey is to secure comprehensive data on the adaptability of soils in various areas in the Territory, particularly to serve as a guide in the use of land for crop diversification.

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LAST DATE FOR EXERCISE OPTIONS BY INCOMPETENTS

April 20 has been fixed as the last date upon which holders of cotton option contracts, which have not been exercised because of the physical or legal incompetence of their holders, may be exercised. There are 883 cotton option contracts for 1,968 bales that fall within this classification. These cotton option contracts were issued to producers as part payment for participation in the 1933 emergency adjustment program. The final date for their exercise was June 30, 1934, but in fixing that date the Secretary of Agriculture indefinitely exempted contracts held by persons physically or legally incompetent to exercise them before that date.

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MAY SIGN TEMPORARY BEET AGREEMENTS

Temporary acreage agreements, to be replaced later by purchase contracts, may be signed by sugar-beet producers and processors in order to determine the amount of acreage allotments expected to be grown this year in each beet-sugar district, the sugar section of the Agricultural Adjustment Administration announced. This temporary procedure has been adopted by the sugar section to assist producers in protecting their acreage allotments, because full agreement on purchase contracts has not been reached in all areas. It does not lessen the necessity for producers to enter into purchase contracts and to plant sugar-beets by a specified date in order to hold their acreage, but it will enable the sugar section to determine for each district the acreage on which producers and processors agree.

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WHEAT PLAN MODIFIED TO
MEET POSSIBLE DROUGHT

Removal of restrictions on the planting of spring wheat this year for those farmers under wheat allotment contracts, who sign agreements to offset 1935 increases with corresponding reductions next year, was announced by the Secretary of Agriculture. The action is intended, for the benefit of both consumers and producers, to anticipate and offset reductions in yield from possible recurrence of drought in several of the major wheat producing states, where rainfall and subsoil moisture are still subnormal. It applies also to contract signers' plantings of excess winter wheat for pasture purposes. This wheat now may be allowed to mature for harvest by agreement with the Secretary. Planting of an additional 900,000 to 2,300,000 acres to spring wheat in 1935 and an increased production of from 10 million to 30 million bushels of spring wheat is made possible through the modification of the wheat contract which has been approved for offer to producers by the Administrator of the Agricultural Adjustment Act. The additional plantings are being authorized because the continuation of drought conditions in the strip of territory in the western great plains has made wheat production this year uncertain. While wheat supplies have been reduced until this year's July 1 carry-over will be only about normal, or around 150 million bushels, none of the factors that contributed to the surplus of 1933 -- loss of foreign markets, foreign tariffs and quotas -- has been removed. But along with the present relaxation, the Agricultural Adjustment Administration has developed an ever-normal granary plan, as provided in pending amendments to the Adjustment Act, which could be utilized to absorb any new wheat surplus which might develop, thus ironing out wide fluctuations in supply to the benefit of both producers and consumers. The privilege of unrestricted planting under adjustment contracts is conditioned upon agreement of individual producers to enter into a 1936 wheat production adjustment plan, if offered, and to make additional reductions in their 1936 plantings corresponding to the increases in the 1935 plantings. Winter wheat plantings for the 1935 crop are completed and the increased acreage will be mainly in the hard spring wheat States, most of which suffered severe losses from the drought last year, and in the Pacific Northwest. The States materially affected are: North Dakota, South Dakota, Minnesota, Montana, Wyoming, Wisconsin, Illinois, Nebraska, Colorado, Iowa, Idaho, Washington, Oregon and Utah. Although rains in the dry parts of the wheat area still might result in a good crop, the change in the contract requirements was made because the possibility of another drought in the western part of the Great Plains region is recognized, and steps to forestall its possible consequences are thought desirable.

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AMENDED EVAPORATED MILK
PACT TENTATIVELY APPROVED

An amended marketing agreement for the evaporated milk industry has been tentatively approved by the Secretary of Agriculture for submission to the members of the industry. As submitted to the industry for signature, the tentative agreement provides somewhat increased prices to producers in certain areas; open selling prices on case goods to be filed with the Secretary of Agriculture and the managing agent of the industry; and selection of the industry committee on a volume basis. Additional provision is made for check-testing and weighing of milk by representatives of producers who desire to institute this service at the evaporating plants where milk is delivered. The principal change in the agreement is the abolition of the maximum and minimum resale price lists and the substitution of the open price system. The agreement provides for a license if desired by the industry.

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850,000 APPLICATIONS FOR CORN-HOG CONTRACTS Field reports from the major corn and hog producing states indicate that nearly 850,000 farmers have signed applications for 1935 corn-hog contracts, the Agricultural Adjustment Administration announced. The sign-up so far in each of the major corn-hog states is as follows: Iowa, 132,500; Illinois, 90,000; Missouri, 80,000; Nebraska, 76,000; Minnesota, 63,000; Indiana and Kansas, approximately 56,000 each; Ohio and South Dakota, about 45,000 each; Oklahoma, 34,000; Texas, 33,000 and Kentucky, 24,500. Floods have interfered with the sign-up campaign in southeastern Missouri and elsewhere along the Mississippi river, but it is believed that by April 1, the closing date, every eligible producer will have had an opportunity to come into the program. Administration officials, however, do not expect the number of 1935 signers to reach the 1934 total of 1,155,000. Several separately-owned tracts operated by a tenant may be covered by one contract this year while last year one contract could not cover more than two such separately-owned tracts. At the same time, the aggregate corn acreage to come under contract this year is expected to compare favorably with the acreage under contract last year. For example, the total number of 1935 contracts expected in Illinois is about 85 percent of the number signed in 1934 but the corn acreage coverage is expected to be only 5 percent less than in 1934. Farmers who sign the 1935 corn-hog contract will be eligible for loans on farm-stored corn under the Government loan program scheduled for next fall. These loans, however, will be made or extended to a contract signer only upon corn produced on the particular farming unit which the signer has under contract. Thus a contract signer with a number of farms will not become eligible for loans on corn produced on all of his holdings if only a part of his farms are under contract.

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HEARING TO AMEND VEGETABLE AGREEMENT Proposed amendments to the marketing agreement and license for shippers of fresh lettuce, peas, and cauliflower grown in western Washington will be considered at a public hearing at Seattle on March 29. The proposed new points include regulation of grades and sizes shipped, day-to-day control of railroad shipments, proration of lettuce shipments subject to prior approval by the Secretary of Agriculture, standardization of containers, and Federal-state inspection of lettuce and cauliflower, as well as of fresh peas for which provision is made in the present agreement. Regulation of grades and sizes to be shipped, it is pointed out, would not only serve as one method of volume control; but, by preventing shipment of products the poor quality of which often results in a price too low to cover marketing costs, would shield growers from out-of-pocket losses. Control of rail shipments is designed to maintain an even flow to markets which would reduce price fluctuations. Standardization of containers, it is believed, would reduce loss from breakage and further would help growers through such marketing efficiencies as standardized loading practices, and better containers because of simplification.

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HEARING ON CHANGES IN LINSEED OIL CODE A public hearing on proposed changes in price-basing and price reporting under the code of fair competition for the linseed oil industry will be held April 22 at the Mayflower Hotel, Washington, D. C. In effect the proposed system calls for price reporting on an f.o.b. basis. There would be three area classifications -- primary markets, towns where crushing mills are located; secondary markets, where bulk stocks are carried; and rural markets, all cities and towns located outside primary and secondary markets. Prices in the industry have been reported on an eight-zone basis, hinging largely on freight rates from shipping points. Approval of the Secretary of Agriculture is required before the new proposal can go into effect. The hearing was called in view of widespread questions from buyers of linseed oil.

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SOUTHERN RICE
ADJUSTMENT PLAN

The 1935 rice production adjustment program for Louisiana, Arkansas, and Texas, involving benefit payments to cooperating growers and financed by a processing tax of one cent a pound on rough rice, was announced by the Agricultural Adjustment Administration. The program is based upon an amendment to the Agricultural Adjustment Act relating to rice, which provides that the tax will become effective April 1, 1935. Rice acreage in the states mentioned is to be reduced 20 percent from the 1929-33 average. The total allotment for these states is 642,000 acres, while the quota is 7,743,888 barrels of 162 pounds each. Allotments and quotas by states are: Louisiana, allotment, 364,500 acres with a quota of 3,898,333 barrels; Arkansas, allotment, 135,000 acres with a quota of 1,834,722 barrels; Texas, allotment, 142,500 acres with a quota of 2,010,833 barrels. Adjustment payments to cooperating producers will be made on 85 percent of their quotas, since no processing tax income is derived from the 15 percent which ordinarily is used for seed or exported. Growers who plant as much as 85 percent of their acreage allotments and not more than 100 percent, will receive full adjustment payments on 85 percent of their production quotas. Those who plant less than 85 percent of their acreage allotment will receive proportionately smaller payments. Adjustment payments will be made in two instalments. The first payment will be 81 cents a barrel on 85 percent of the production quota, after acreage compliance has been checked, that is, as soon after August 1, 1935, as practicable. A second payment, the amount of which will depend upon the revenue from the processing tax, the amount necessary for rebates on exports, and the cost of administration will be made as soon after December 1, 1935, as practicable. The field work of the program will be directed by the Extension Service in each state with community and county committees of growers in charge of local activities.

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ADJUSTMENT PROGRAM
FOR CALIFORNIA RICE

A rice production adjustment program for California, designed to reduce the rice acreage in that state 20 percent from the 1927-34 average, has been announced. The state allotment is 94,296 acres, while the state quota is 2,708,810 100-pound sacks of paddy rice. The Secretary of Agriculture, in approving the new program, also terminated Article 9 of the California rice marketing agreement in so far as it affects the 1935 program. The allotment and quota for the state are to be distributed to individual growers on the basis of their rice production history during the period, 1929-33. The adjustment payments to cooperating producers will be made on 85 percent of their quotas, since no processing tax income is derived from the 15 percent of their crop which ordinarily is used for seed, or exported. Producers who plant as much as 85 percent of their acreage allotments and not more than 100 percent, will receive full adjustment payments on 85 percent of their production quotas. Those who plant less than 85 percent of their acreage allotments will receive proportionately smaller payments. Adjustment payments will be made in two instalments. The first payment, 50 cents per 100-pound bag, will be made after acreage compliance has been checked. A second payment, the amount of which will depend upon the amount of revenue from the processing tax, the amount necessary for rebates on exports, and the cost of administration, will be made as soon after December 1, 1935, as practicable. All growers with rice production histories, including those who did not take part in the 1934 adjustment program, will be given an opportunity to participate in the program for this year. The Extension Service will assist with the field work of the program. Community and county committees of growers will be in charge of local activities in connection with the program.

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FINANCE SEED PURCHASES
IN DROUGH AREAS

A plan for financing farmers' purchases of conserved grain seed supplies held by the Agricultural Adjustment Administration, pending availability of federal crop production loan funds, was announced. Under an agreement with the Federal Emergency Relief Administration, farmers with seed supplies ordered from the Adjustment Administration, who cannot secure production credit in time for planting, or who are unable to otherwise finance seed purchases, may obtain delivery of such seed on the basis of purchase orders issued by the Relief Administration. Such purchase orders will be issued to producers who last fall and winter placed seed orders through their county drought committees for grain seed. These purchase orders will be issued in return for the farmers notes, and under such regulations as the Relief Administration may determine. The Adjustment Administration has authorized its agents handling the distribution of seed supplies to accept such purchase orders in lieu of cash. The action was taken to facilitate distribution and planting of more than 19 million bushels of high-grade, adapted seed of wheat, oats, barley, flax and sorghums conserved for planting in drought areas where a deficit of such seed exists. Under the Administration policy for distributing this seed, farmers have placed orders for all of the available supply, except oats, with the understanding that it would be held by the local bonded dealer or seedhouse subject to call until after 30 days before the regular planting season in their locality for each class of grain. After that date it will be considered released and subject to sale to any farmer, if not called for by the original applicant. Many farmers who have placed orders for the government-conserved seeds have been unable to complete purchases because of lack of credit. Planting time for seed grain has come in Missouri, Oklahoma, Iowa, Kansas, and Nebraska, while planting will begin within the next few weeks in North Dakota, South Dakota, and Minnesota.

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EXTEND DATE FOR SUGAR
BEET ACREAGE REPORTS

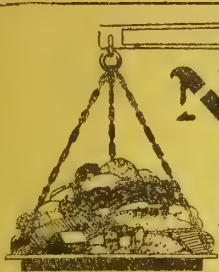
The final date for filing reports of sugar beet acreage contracted for by beet-sugar companies for the 1935 season has been extended from March 25 to April 1, the sugar section of the Agricultural Adjustment Administration announced. The period in which processors may contract for acreage has been extended in order to give opportunity to complete contracting in all districts in which there has been delay.

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ORDER REVISED ON ENTRY
OF RE-EXPORT SUGAR

Revision clarifying the procedure that governs the entry of sugar into continental United States for reexport or for re-delivery into customs custody were announced by the Agricultural Adjustment Administration. The procedure in the revised form is known as General Sugar Order No. 1, Revision 1. The order is of interest chiefly to refiners who export sugar in refined form, and to the canning industry, especially on the Pacific coast, for which industry the original order was found to be unsuited. Under the revision the following classes of sugar may enter continental United States under bond without being charged to the quotas for the respective areas established under the Jones-Costigan Act: (a) Sugar brought into continental United States for the purpose of being processed and exported or shipped as sugar, and not to be used for domestic consumption in continental United States; (b) Sugar released from United States Customs custody and control for the sole purpose of being processed and returned thereto; and (c) Sugar imported into continental United States to be manufactured into articles to be exported or shipped from continental United States with benefit of drawback, or to be designated as the basis of a claim for drawback. The revision provides for greater flexibility in determining the amount of the bond required for entry of these classes of sugar, and the time limit of such bonds, and otherwise clarifies the original order.

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NEWS DIGEST

AGRICULTURAL

ADJUSTMENT ADMINISTRATION



VOLUME 2, NUMBER 26

March 30, 1935

CIGAR-LEAF ADJUSTMENT PROGRAM ANNOUNCED

An adjustment program for the 1935-36 crop of filler and binder types of cigar-leaf tobacco grown in the Ohio-Indiana, Wisconsin-Minnesota, Pennsylvania-New York and New England areas, has been approved by the Secretary of Agriculture, who announced that he was exercising his option to continue for this year the cigar-tobacco adjustment contracts entered into with individual producers in 1933 and 1934. The program for 1935 requires that 33 $\frac{1}{3}$ percent of the base tobacco acreage be withheld from tobacco production. However, an administrative ruling issued by the Secretary permits producers to reduce as little as 25 percent with smaller payments to those who take advantage of the ruling. Producers are not required to grow their allotments and specific payments are offered those contract signers who elect a 100 percent reduction from their established base acreage. Benefit payments for 1935 are expected to total approximately \$3,000,000, compared with \$4,700,000 in 1934 and \$2,000,000 in 1933. It is estimated income of growers in 1935 from tobacco sales and benefit payments will be approximately \$14,300,000, compared with \$12,400,000 in 1934, \$9,800,000 in 1933, and \$6,000,000 in 1932. Growers who did not participate in previous adjustment programs for these types of tobacco will be given an opportunity to sign contracts for 1935-36. The 22,629 contracts now in effect represent approximately 92 percent of the number of growers producing this tobacco. The program is expected to result in a 1935 crop of from 70 million to 80 million pounds. Consumption was 126 million pounds during the 1934-35 season. This would result in reducing the carry-over by 56 million to 66 million pounds. The reduction in surplus brought about in 1933 and 1934, together with the reduction to be made in 1935, should eliminate the entire surplus of many grades and types of cigar filler and binder tobacco, leaving only a small surplus of a few types and grades. Farm prices for the 1932 crop averaged 5.7 cents and for the 1933 crop, 7.2 cents a pound. It is estimated that prices for the 1934 crop will average 11.1 cents a pound and that slightly higher prices will be received in 1935.

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HAWAIIAN SUGAR CONTRACT APPROVED

The Secretary of Agriculture has approved a sugarcane production adjustment contract for the Territory of Hawaii, covering the three-year period 1935-1936-1937, and providing for adjustment of production from approximately 1,150,000 tons (estimated production in 1934) to about 975,000 tons. The contract, which representatives of the Hawaiian producers agreed to enter into in a Memorandum Agreement made with the Secretary and signed December 22, 1934, formulates in detail the general principles of that agreement. It is based also, upon evidence submitted at a public hearing held in Honolulu January 31, 1935. Under the contract production of sugar in the Territory is to be held to the amount necessary to fill the quota established by Congress under the Jones-Costigan Act, to provide for local consumption, and to establish a reserve. Adjustment payments are expected to average approximately 8 million dollars for the three years of the contract.

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ADJUSTMENT PROGRAMS
ENCOURAGE GRASS

Taking out of surplus crops, particularly wheat, and returning to grass extensive areas of land which were plowed up in wartime under pressure of high prices is one of the aims of the Agricultural Adjustment Administration which, if successful, will add materially to protection against dust storms. It was pointed out that adjustment contracts with farmers encourage transfer of lands in various parts of the country, including the drought area, from surplus production into cover crops which protect against wind and water erosion. The Agricultural Adjustment Administration is placing particular emphasis on the need for returning to permanent grass several million acres of land in the drought area which were plowed up to meet the wartime demand, and which in recent years have been devoted to production for foreign markets that have disappeared. Much of this land was in buffalo grass, the roots of which kept the topsoil bound together. Cessation in 1930, of American loans abroad, which prior to that had helped finance exports, was an important factor in closing the European market for wheat from the dust-storm area. Instead of reverting to grass, this land remained in production. The result was the accumulation of surpluses which the adjustment programs have sought to eliminate. During 1934, the adjustment programs reduced the amount of land devoted to production of basic crops in farming areas generally by about 36 million acres. The Administration stressed the need for constructive use of this land in such ways as would conserve and improve its natural resources. In 1934, restrictions on contracted acres in the drought area were removed to encourage plantings of drought-resistant crops. For 1935, the Administration is placing greater emphasis on the desirability of returning to grass the areas which, from the standpoint of soil fertility, the permanent welfare of agriculture, and protection of farmers against glutted markets and low prices, can best be taken out of surplus crops. In areas subject to drought and dust storms, it has been demonstrated during the past year that when opportunities to plant grass and other erosion-preventing crops are taken advantage of, the effects of dry weather can be alleviated. It is estimated that under the wheat, cotton, corn-hog and tobacco adjustment contract for 1935, more than 25 million acres of land taken out of the production of these basic commodities, will be planted to new seedings--the kind of crops that provide a network of roots to hold the soil intact to prevent it from blowing away in the dry regions of the west, and to stop the washing of the fertile topsoil in regions of ample rainfall.

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CONFER ON LICENSE FOR
NEW YORK MILK MARKET

The sub-committee of the Governors' conference on milk, representing the States of New York, New Jersey, Pennsylvania, Connecticut, Maryland, Vermont and Massachusetts, has completed its conferences with officials of the Agricultural Adjustment Administration respecting establishment of a proposed Federal license to coordinate control of the milk industry in the New York milk sales area, both as to intrastate and interstate commerce. The entire committee is expected to meet some time next week at New York City, at which time a tentative draft of a proposed license is expected to be ready for further consideration. The marketing problems of this milk sales area present many complications because of the importance of the interstate movement of fluid milk into the metropolitan consuming area of New York and New Jersey, serving a population of nearly 11 million persons in the most congested population center of the United States. The market draws its supply from 7 states and to some extent from 2 provinces of Canada.

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FOOD SURPLUSES
USED FOR RELIEF

Distribution of agricultural products under the joint auspices of the Agricultural Adjustment Administration and the Federal Emergency Relief Administration has reached a substantial volume in the past 16 months. The Government, which has been operating through the Agricultural Adjustment Administration programs to increase farmers' purchasing power by preventing the production of price-depressing surpluses, has at the same time seen to it that substantial quantities of those surpluses which did exist or were produced, were put in the hands of persons on relief who were unable to make purchases through regular channels. The two-fold purpose of relief distribution of surplus food supplies is well illustrated in the case of cattle purchased in the drought area. Faced with feed shortage, farmers had the alternatives of selling their cattle on a swamped market, or allowing the animals to starve. In either case the farmer would lose income, and the food represented would be unavailable to unemployed. The Government provided a third alternative in the purchase program which not only saved producers from financial loss by allowing adjustment of herds to available supplies of feed, but also, through the relief distribution plan, made a huge amount of beef products available to those families on relief. Food products distributed including meats, dairy products, flour, cereals, beans, potatoes and cabbage total 1,010,600,000 pounds. The U. S. requirements of these products amount to 46,900,000,000 pounds. Thus more than 2 percent of the country's total annual requirements of the more important concentrated food products have been distributed to the group needing them most during the 16 months up to February, 1935. This was broadly equivalent to about one-sixth of the basic food requirements of those on relief. In addition to these food products, cotton has been distributed, either in raw form for the making of mattresses, or in the form of blankets and cotton piece goods, to the equivalent of 188,000 bales. This compares with a total annual requirement of 5,500,000 bales; distribution, therefore, amounted to 3.4 percent of the total. Removal of these surpluses has markedly strengthened certain regional and seasonal markets for vegetables, fruits, rice and other products and has provided effective disposition of meat from emergency slaughter of pigs, drought cattle, and sheep. Thus at the same time that these removals were assisting the farmer to receive adequate prices for the food raised, the distribution that has been made of the goods so removed has assisted many families on relief to have a more nearly adequate diet than they could have obtained by relying solely on their cash or work relief payments.

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CALIFORNIA-ARIZONA
CITRUS PACT AMENDED

An amended marketing agreement and license for the California-Arizona citrus fruit industry, which provides for the selection of alternates for the regular members of the growers' advisory committee and the distribution committee, who may be absent from a meeting, became effective March 26.

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ADJUSTMENT PAYMENTS
TO FLUE-CURED GROWERS

Growers of flue-cured tobacco in North Carolina, South Carolina, Georgia and Florida have received 75,268 checks, totaling approximately 7 million dollars which represents the adjustment payment due under their contracts. Adjustment payment checks to flue-cured contract signers in Virginia are expected to start moving out within a few weeks. Adjustment payments are expected to total approximately 10 million dollars. This amount is in addition to approximately \$5,098,000, in rental payments and \$4,459,000 on price equalizing payments which have already been made.

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COTTON PROGRAM
POLICY OUTLINED

Applications for allotments under the Bankhead Act are being received in the Cotton Belt, and the Secretary of Agriculture announced that a minimum allotment of the full amount of his base production would be made to each producer whose established base production was more than 2 bales. This is in accordance with the policy announced several weeks ago when the 1935 regulations under the Bankhead Act were approved. Under the existing regulations tenants operating a part of a farm do not have a separate base. No cotton farmer has any warrant to expect that his allotment will be in excess of 65 percent of his base production, unless the farm which he is operating has an established base production of two bales or less. In that event, he will receive a minimum allotment equal to the amount of his average production, but no more. The 12-cent loans on the 1934 cotton holdings will be extended beyond the maturity date of July 31, 1935. As to a loan on the 1935 crop, it is the purpose of the Administration to provide adequate credit facilities to cotton farmers to permit the orderly marketing of the new crop. It should be emphasized, however, that the Commodity Credit Corporation will make no loans on the 1935 cotton crop to any producer who is not cooperating in the cotton program under the Agricultural Adjustment Act nor will any loans be made on the 1935 crop to any producer for an amount of cotton in excess of his allotment under the Bankhead Act.

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UN-EXERCISED COTTON
OPTIONS CALLED

Cotton option contracts on which the exercise of option was extended by the Secretary of Agriculture from May 1, 1934, have been called as of March 22, 1935. The options will be called at 12½ cents a pound, less carrying charges of 40 cents a bale per month for such time as charges have accrued against cotton option contracts. Approximately 1,470 options covering 10,958 bales of cotton are affected by this decision. These options were issued to producers as part payment for participation in the 1933 emergency cotton adjustment program.

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FINDING MADE IN BEET
CONTRACT DISPUTE

The Secretary of Agriculture, in response to requests that he mediate the purchase contract dispute between processors and producers of sugar beets in certain western states, has made a finding setting forth schedules of payments for sugar beets of the 1935 crop which he declared would more fully tend to effectuate the purposes of the Agricultural Adjustment Act. The finding affects the so-called Great Western Sugar Company territory in Colorado and Nebraska and territories served by the Great Western Sugar Company and the Holly Sugar Corporation in Wyoming and Montana. The action was taken after a continuing deadlock in the negotiations between processors and associations of producers upon the terms of the purchase contract for 1935 was found to be frustrating the purposes of the Agricultural Adjustment Act.

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SHADE TOBACCO ACREAGE
FOR 1935 ANNOUNCED

The advisable acreage of Connecticut Valley shade-grown tobacco, U. S. Type 61 (a), for production in 1935 is 5,480 acres, the Secretary of Agriculture announced. This is an increase of 780 acres, or 16.6 percent, over the advisable acreage for 1934. The announcement of the acreage is in accordance with a marketing agreement entered into with handlers of this type of tobacco in Connecticut, Massachusetts, New Hampshire and Vermont, which provides for an announcement by the Secretary of the acreage which he deems advisable to be produced. The acreage committee set up under the agreement is to allot the 5,480 acres of production among growers on an equitable basis, and parties to the agreement and license may handle only the production from such allotted acreage during the 1935 crop year.

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